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101ST CONGRESS
*1st Session*

HOUSE OF REPRESENTATIVES

# DRUGS AND LATIN AMERICA: ECONOMIC AND POLITICAL IMPACT AND U.S. POLICY OPTIONS

PROCEEDINGS OF A SEMINAR HELD BY THE CONGRESSIONAL RESEARCH SERVICE, APRIL 26, 1989

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REPORT

OF THE

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

SCNAC-101-1-12

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## LETTER OF SUBMITTAL

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*Washington, DC, August 10, 1989.*

Hon. CHARLES B. RANGEL,
*Chairman, Select Committee on Narcotics Abuse and Control, Washington, DC.*

DEAR MR. CHAIRMAN: I am pleased to transmit the edited transcript of the CRS Seminar "Drugs and Latin America: Economic and Political Impact and U.S. Policy Options" held on April 26, 1989.

This seminar was designed, organized and prepared for publication in the Foreign Affairs and National Defense Division by Raphael F. Perl, Specialist in International Narcotics Policy, with the assistance of Shawn C. Camp. Raymond J. Ahearn, Specialist in Trade Relations helped plan, conduct and moderate the seminar. Production assistance was provided by Kymberle Kolen. The Ford Foundation contributed funding for this seminar.

We trust this will be a timely and relevant contribution to the work of the Committee and the Congress in the formulation of national policies for the war on drugs.

Sincerely,

JOSEPH E. ROSS, *Director.*

## EXECUTIVE SUMMARY

### CRS Seminar on Drugs in Latin America: Economic and Political Impact and U.S. Policy Options, April 26, 1989

The Select Committee on Narcotics Abuse and Control requested a seminar on the political and economic impact of drug production and trafficking in Latin America. It had become increasingly clear to the Members of the Committee that an understanding of the economies, politics, narcotics production and trafficking situations, and of their interrelationships could be of assistance in forming an effective anti-narcotics policy in Latin America.

The Congressional Research Service assembled an excellent panel of Latin American experts: Bruce M. Bagley, Associate Professor, Graduate School of International Studies, University of Miami; Richard B. Craig, Professor of Political Science, Kent State University; Daniel Chaij, Narcotics Specialist, Bureau of International Narcotics Matters, Department of State; Ambassador Edwin G. Corr, Diplomat in Residence, University of Oklahoma; Gustavo Gorriti, Associate Committee for Latin American and Iberian Studies, Harvard University; Rensselear Lee, III, President, Global Advisory Services; Anthony Maingot, Professor of Sociology, Florida International University; John P. Martsh, Latin American Coordinator, Drug Enforcement Administration; Michael Skol, Deputy Assistant Secretary for Inter-American Affairs, Department of State; and Miguel Urrutia, Manager, Department of Economic and Social Development, Inter-American Development Bank.

Many interesting and thought-provoking ideas and analyses were brought forth at this seminar. The following findings do not necessarily reflect the views of the Select Committee Members, but are representative of the thrust of the panel discussions.

### Political Situation

Drug trafficking organizations are interested in making money. That is their goal, not political control of countries. However, drug traffickers do acquire varying degrees of political influence when they fund criminal activities which bring more money into the underground economy, when they bribe and intimidate public officials, and when they work with insurgent groups to thwart law enforcement efforts.

In addition, drug trafficking organizations are making an effort to shape public opinion in Latin America toward favoring the drug production activities and against U.S. sponsored efforts to control drug production and traffic. They have bought newspaper chains. They also own television and radio stations.

Ties between drug producers and insurgents are strongest at the lower value-added end of production, i.e. coca cultivation, mainly between the farmers and insurgent groups. In Colombia, at the higher value-added end of production, i.e. cocaine processing and trafficking, cocaine lords lean more to the right, than the left. These drug lords are acquiring property, and as such identify with the rural landlords, right-wing politicians, businessmen, and the military, all of whom oppose the left-wing guerrilla insurgencies. The narco-traffickers have formed paramilitary death squads for counter-insurgency warfare. The importation of weapons into these countries has increased dramatically. Most smuggled weapons are assault-type, and are destined for narco-traffickers, not insurgents.

Political leaders in the Andean countries take the narcotics threat extraordinarily seriously. They live daily with threats and violent acts of intimidation. They suffer the feeling of losing control of part of their political system, especially in Colombia where the criminal justice system has been severely crippled. Latin American law enforcement officers, jurists, and journalists daily risk their lives and those of their families by confronting in their actions, verdicts and columns the enormous power of drug traffickers in Latin America. Tragically, many have died as a result.

There is a need to address the issue of institution building in these countries in a positive way, in particular how to improve the ciminal justice system in Colombia. Without such institution building, the whole use of economic resources would be futile. Even with expanded, stronger institutions, such as the criminal justice system, the traffickers with their enormous financial resources still have the power to manipulate and corrupt some of the officials that are out there.

If nothing is done to combat the cocaine trade, the industry will destroy public confidence in democratic institutions and undermine the capacity of governments to govern their populations and their territories.

The U.S. Drug Enforcement Administration (DEA) is politically acceptable to host country governments as an entity that can work with them in a police function. There is no willingness and a great sensitivity to accepting U.S. military presence for drug interdiction.

The deployment of additional U.S. Customs officers could enhance the interdiction capacity of cutsoms in Latin America. The escalation of contraband into the Latin American economies has had a dramatic, negative effect. Custom agents are not nearly as controversial as soldiers or even DEA agents.

At present, there is widespread opposition to chemical (herbicide) eradication programs in all three countries.

The certification/decertification procedure has been a negative, destructive process. We should be providing positive incentives to countries that we feel have effectively performed, while not rewarding those countries that are less than forthcoming.

The environmental repercussions of the processing and growing of coca in Latin America are very serious. This has been underplayed and needs to be emphasized to the public more. Slash and burn agriculture has eroded the land. In addition, tons of chemicals have been dumped into fields, rivers and streams. These include

chemical pesticides and herbicides as well as the chemicals used for processing coca leaf into paste and cocaine hydrochloride.

Mutual Legal Assistance Treaties can be extremely useful, especially in the area of financial investigations into money laundering activities and the seizure and sharing of assets.

## Economic Situation

In the last five to ten years, economic crises in Peru and Bolivia caused increasing numbers of peasants to move into the coca growing regions in the Upper Huallaga Valley in Peru and the Chapare Valley in Bolivia in a desperate search for a means to support their families. These governments are faced with serious social and political upheaval if they do not balance anti-drug efforts with viable alternative economic opportunities for the peasants.

If law enforcement efforts are successful, without accompanying economic programs, the possible consequences include: massive increases in unemployment, major currency devaluations, collapse of entire regional economies, a flood of new migrants to shanty towns in the cities, expansion of support for anti-democratic movements, and increased immigration pressures on the United States.

Bolivia's GNP declined continuously from 1980 to 1986. Its official unemployment rate is 20 percent today compared to 6 percent in 1980 and its exports declined by 30 percent between 1984 and 1987. Peru's exports declined 15 percent in that same time period.

Hundreds of thousands, perhaps as many as 1.5 million people are involved in different aspects of cocaine production in the Andes. The economies of Bolivia and Peru, in particular, are dependent upon the cocaine trade. In Bolivia where the export of legal products amount to about $800 million per year, illegal cocaine exports may exceed total legal exports.

Coca cultivation provides a living for 3 percent of Peru's population and 5 percent of Bolivia's. In Bolivia, there are at minimum an estimated 300,000 to 400,000 peasants that work directly in coca production; in Peru, there are at least 200,000 peasants involved. Between 30,000 and 50,000 individuals are estimated to be employed in the cultivation of coca in Colombia.

The interplay between the depressed legal economies and the illegal, but lucrative, coca economy is constant and has integrated the two. There are numerous others peripherally involved, such as shippers, accountants, investment advisors, attorneys, couriers, communications specialists, and exporters and importers of precursor chemicals.

Colombia has a very diverse, healthy economy which is much less impacted by the cocaine trade than either Peru or Bolivia. Yet, cocaine exports are possibly greater than the coffee exports which is Colombia's top export commodity.

The strictly law enforcement and coca eradication approach, without any economic alternative elements, has alienated large segments of society, especially in Peru and Bolivia, resulting in the loss of government control in certain parts of those countries. If the law enforcement and eradication efforts were totally successful, the likely result would be an economic and political collapse in Peru and Bolivia.

In spite of the large amounts of drug monies that enter the economies of these countries, much of the world's cocaine profits do not return to the producer countries. They are invested in tax havens, off-shore banking accounts, and real estate in the United States. Much is spent in outlandish, wasteful ways, frequently on luxury items imported or smuggled into Colombia. A lot of drug money gets into the economy through contraband, ranging from weapons to luxury items. This is damaging to the host government, society and economy.

The cocaine industry has revolutionized expectations and aspirations within Andean societies, for peasants, especially. Televisions, video cassette recorders, stereos, and cars have become attainable. Thus, the cocaine trade has spawned new constituencies that place new demands on Andean political systems.

Latin American leaders with external assistance must address the issues in their own countries of poverty, rural neglect and maldistribution of income. Anything that helps countries deal with their economic problems, whether debt relief or direct aid will help the economy and reduce political resistance to narcotics control efforts, if the assistance is tied to real anti-narcotics actions.

The amount of resources that we and the Andean countries can or do devote to countering narcotics production and the economic dependence upon it has not been sufficient. We should look at macro-economic assistance—helping change and develop the economies of Peru and Bolivia. Crop substitution as the only economic program has not worked in decreasing the acreage devoted to coca planting. Any development of alternate legitimate products must be accompanied by access to markets for those goods.

To strengthen the legal economies of these countries, one must also make coca cultivation less profitable. Economic incentives need to be integrated with local interdiction efforts.

Multi-lateral narcotics control assistance would be politically more acceptable to Latin American countries than only bilateral efforts. There does not need to be conflict between effective bilateral and multilateral initiatives. The two should work hand in hand.

The United Nations Fund for Drug Abuse Control (UNFDAC) has not been able to expend very much of its funding in the Upper Huallaga region because of security problems. The existing projects have not worked that well. Rather than turning away from coca cultivation, many farmers assisted by UNFDAC reportedly diversified and grew the legal crops in addition to their coca, but did not give up their coca cultivation.

## Conclusions

There is a need to convene a hemispheric summit to launch a coordinated hemispheric anti-drug effort and to raise it to a high priority.

A coordinated, multilateral approach to international drug control could be more effective than the existing unilateral or bilateral pressures which have not been successful. The Europeans and the Japanese must become involved in working out a strategy and in funding anti-narcotics efforts. They are being increasingly affected by cocaine, and should be partners in the efforts to control cocaine

production and trafficking. It will take more resources than the United States alone can muster to counter the drug traffickers.

Our financial myopia must be overcome if we are serious about addressing the drug problem. We—the United States, Europe, Japan, as well as the producer countries—must be willing to commit more resources to this problem if we really expect to see a significant reduction in the production and flow of cocaine.

## PREPARED STATEMENT OF THE HON. CHARLES B. RANGEL, CHAIRMAN, SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

Good morning, ladies and gentlemen. I would like to thank the Congressional Research Service for putting together two distinguished panels of experts and for providing the excellent guidance in moderating this seminar. I also appreciate the willingness of our panelists to give their time to what I am sure will be a most productive and enlightening discussion.

The Select Committee requested this seminar out of a recognition that the narcotics crisis facing our hemisphere is bigger than just the narcotics issue itself. The climate under which drug production, trafficking and abuse thrive is the same from country to country—poverty, lack of education, lack of opportunity, and lack of hope.

These are the conditions in the inner cities of the U.S. where much of our drug trafficking battles occur. Many of these young people are lured into drug trafficking for the lucrative profits despite the immense dangers involved. Many are escaping their hopeless world into a drug euphoria despite the serious health risks.

These are also the conditions in a number of producer and transshipment countries where poor peasants agree to grow illicit crops despite the risks of raids, of jail, and of being caught in the crossfire of competing drug kingpins, or to risk poisoning themselves by hiding packages of illicit drugs within their bodies. Then there are those who are simply given the choice between silver or lead.

The countries in this hemisphere are allies in a common struggle, not adversaries or competitors. Unfortunately, that is sometimes forgotten and people waste their time and energy pointing fingers, playing the "blame" game.

Cooperation is essential, but not just in the narcotics area. Cooperation in other areas, trade, immigration, and sharing information on education and human services can greatly benefit the climate for narcotics control.

We need to provide the education and conditions which will give these people economic opportunities outside the underground economies. We need to do this in the U.S. and we owe it to our neighbors to assist them in their efforts to do the same in their own countries. Ultimately it is in our own interest to do so. At the same time, we must continue our law enforcement efforts, our eradication efforts, our treatment efforts and our drug awareness efforts.

We need to work together for an economically and politically stronger, drug-free Western Hemisphere.

Today, by bringing together experts not only in international narcotics control, but in economics and political science as well, I hope that we will be able to more closely examine the total prob-

lem facing us. I hope that we will also be able to study past policies that have failed and explore other policy options available to us, from debt refinancing to changes in our trade and tariff laws to agricultural and industrial development assistance.

I am pleased that there are representatives of the Administration here. I would like to encourage them to carry back to their Departments the message that we need to incorporate the narcotics agenda for the Western Hemisphere into an overall strategy to deal with the problems facing our hemisphere. Furthermore, such a strategy needs to be elevated to a high priority on our foreign policy agenda.

I have repeatedly called for the leaders of all nations in the Western Hemisphere to demonstrate their commitment to the narcotics abuse and control problem by holding a hemispheric summit on narcotics. I was pleased to note that recently Colombia's President Barco addressed the American Society of Newspaper Editors and independently called for a hemispheric, summit on narcotics.

I understand that a number of other North and South American leaders are interested in a western hemispheric summit on debt and would consider also discussing narcotics. Such a combination could be extremely helpful, and would rightly connect economic conditions with the narcotics trade. I would hope that President Bush will place a high enough priority on this issue to pursue such a summit.

I have thrown a number of ideas onto the table for your comments and discussion, and look forward to a fruitful examination of these complicated issues. Thank you again for your participation.

## PREPARED STATEMENT OF THE HON. LAWRENCE COUGHLIN, RANKING MINORITY MEMBER, HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

Good afternoon. I would like to join Chairman Rangel in congratulating the Congressional Research Service for organizing this excellent forum. CRS has brought together some of the most important thinkers and writers on the topic of drug trafficking and Latin America. I look forward to today's discussion.

The Select Narcotics Committee was formed to address not just one aspect of our nation's problem with drugs, but the entire issue. It isn't possible to solve our drug crisis by looking at only supply or only demand. Those buying drugs in the streets of Washington, D.C. or New York are inexorably linked to those growing coca in the jungles's of Bolivia and Peru.

The question is how do we best break this cycle which begins with growing of coca in the Andean nations and ends with the buying and using of cocaine in our communities? Some argue that we should give up our efforts at reducing the supply of drugs and focus solely on demand reduction through education, treatment and rehabilitation.

I am one of those who supports additional efforts on the demand side. We must fight hard for the hearts and minds of this generation of American youth. They must learn that using drugs is a risk never worth taking, an option never worth choosing. I also support efforts to decrease the long waiting lists for those desiring drug treatment. We should help those who want to help themselves.

Furthermore, I strongly favor tough law enforcement. Users of drugs, as well as dealers, must be held accountable for their actions. Those who use drugs are breaking the law. Swift and sure penalties for users, including heavy fines and the seizure of conveyances, serve both as a deterrent to those who might try drugs and as a fair punishment for those who appetite for illegal drugs fuels the drug crisis.

Nonetheless, we cannot forget that while drugs are cheap and plentiful demand reduction efforts are severely handicapped. The illegal trafficking of drugs into our country is an affront to our territorial integrity and a threat to our national security. We must continue to work towards cutting the massive flow of drugs into our borders through drop crop eradication and interdiction.

We must also be concerned about the devastating impact of drug production and trafficking on some of our democratic allies in Latin American. The producing nations have not truly benefited from America's $100 billion cocaine habit. At first some might have seen drugs as a useful source for desperately needed income. They might have thought that drugs were solely a U.S. problem. Not any more. As the cocaine cartels vastly expanded their operations all drug producing, processing, and transiting nations developed a

drug abuse problem, a crime problem, a corruption problem and, in some places, a drug-fueled insurgency problem.

The drug problem also contributes to economic difficulties in several Latin American nations by scaring off investment and diverting resources from development efforts. Those nations experiencing economic difficulties are especially handicapped in any effort to address the drug issue. Hundreds of thousands of peasant farmers in Peru and Bolivia earn their livelihood from coca crops, without significant crop substitution programs or alternative employment opportunities, crop eradication efforts can not be sustained.

We should not walk away from the drug-related problems in Latin America. Both for them and for ourselves we must work hard to find solutions to the supply side problem. Toward this end, I look forward to hearing from the experts gathered today. I want to hear where we have gone wrong in our anti-drug efforts in the past, but I also want to hear how we can best insure a drug free future for our children. The stakes are high in this struggle. The war against drugs is one war which this nation cannot afford to lose. Thank you Mr. Chairman.

## REMARKS OF THE HON. WALTER E. FAUNTROY (D-D.C.)

Having joined in requesting the structuring of this seminar, "Drugs and Latin America: Economic and Political Impact and U.S. Policy Options," with the distinguished Chairman of the House Select Committee on Narcotics Abuse and Control, Congressman Charles Rangel, I want to express my appreciation to the staff members of the Congressional Research Service who have engaged in much hard work so that we might benefit from the proceedings of this seminar. I also want to thank the panelists for giving of their time and expertise so that Members of Congress and staff might better understand the relationship between the economies of the nations of the Western Hemisphere and the power and influence of the drug cartels over these nations, including our own. Seminars such as this one are essential to providing the informational and analytical base necessary to the formulation of effective and workable policies designed to combat the marketing, consumption, and production of illicit substances in Latin America and the Caribbean region.

As the Member of Congress representing the District of Columbia, a city which has been affected most acutely by the national and international plague of narcotic and drug abuse, I would like to share briefly the perspective which motivated me to join Chairman Rangel in asking the Congressional Research Service to conduct this seminar.

This seminar is assembled in a most crucial period. It meets at a time when many, including myself, take the position that the drug epidemic constitutes the number one threat to the security of the United States of America, its neighborhoods, and its people.

A number of other nations which have been exploited by the drug cartels as sources of production, as points for transshipment, and as bases for expanding markets have, like us, all too many neighborhoods that are experiencing the same trauma, violence, and destroyed lives that bring us to this seminar today. While it is true that the primary source of the multinational drug epidemic emanates from the huge demand for narcotics in the United States of America, it is also true that demand is being stimulated by an expanding use problem in many countries of the Western Hemisphere. For example, two countries which have been exploited by the drug cartels as points of transshipment, Haiti and the Bahamas, are now seeing their neighborhoods infected by the drug epidemic. Nevertheless, the United States of America remains the largest consumer of illicit drugs, supporting a $150 billion industry, which represents an expenditure well over twice the amount spent on imported oil. This drug industry is serviced by large, well organized, financed, and armed drug cartels, beginning in the Andean countries of Bolivia, Peru, and Colombia, and using transshipment

points between these countries and our markets in the United States of America.

The escalating problems of multinational demand and markets for illicit drugs among the poor requires special attention, for drugs are thoroughly enmeshed and intertwined with the associated problems of poverty, economic disadvantage, and lack of opportunity. The paucity of education programs concerning the dangers of illicit drugs, compounded by the lack of economic alternatives, access to quality education, and exposure to violence has a multinational dimension.

Those who command the heights of the multinational drug cartel, producing, transshipping, and marketing their deadly and corrupting chemicals, now control such wealth that they can and have literally subverted nations. Their proposition to public officials in a number of nations, particularly Mexico, consists of an offer of silver for those willing to cooperate, in contrast to an offer of lead and death to those who refuse. This form of intimidation and murder has come to be known as narco-terrorism. The most frightening example of this terrorism is presented in Colombia, where the notorious Medellin Cartel reigns. Just look at the toll in that country:

- In 1988, Attorney General Carlos Mauro Hoyos and his two bodyguards were assassinated by three jeeploads of gunmen, who machine-gunned them to death;
- In 1987, there were 14,000 murders in Colombia in a population of 28 million, giving Colombia the highest murder rate in the world, one murder for every 2,000 people;
- In 1986, the former Chief of Anti-Narcotics Operations, Colonel Jaime Ramirez Gomez, was killed in machine gun fire as he and his wife and children were returning home;
- Also in 1986, Colonel Jose Augustin Ramos Ramirez, Chief of Special Operations of the National Police, was shot to death by gunmen near his home;
- Again, in 1986, Guillermo Cano Isaza, Editor of *El Espectador,* Bogota's second largest newspaper, and a strong opponent of drug trafficking, was shot down outside his office;
- In 1985, 11 Supreme Court Justices lost their lives in a shootout when guerillas paid by the Medellin Cartel seized the Palace of Justice and burned the extradition files of members of that drug organization;
- In 1984, the Minister of Justice, Rodrigo Lara Bonilla, was gunned down;
- Colombia has also seen hindreds of other assassinations, including over fifty judges, numerous mayors, law enforcement officers, other public officials, journalists, doctors, and children, all murdered because of their efforts to uphold the law of the land and resist drug production and trafficking.

Last April, I joined the Greater Washington Council of Churches at a demonstration at the Embassy of Colombia against the drug trade. The response of the Colombian Charge d'Affaires, Mr. Luis Guillermo Velez, the ranking official present, was instructive. He joined our picket line with the message that the whole world is at risk. That brought home to me, most poignantly, that the plight of the Colombian people would be the future for the United States of

America and the Western Hemisphere unless the region united in a studied multinational effort to combat the drug cartels.

It is also clear to me that the enemy is not the neighboring states of the region or necessarily their government officials. The enemy is anyone, anywhere who cooperates with the drug cartels in production, transshipment, marketing or the consumption of illicit drugs and narcotics. Anyone involved in these stages of the drug epidemic threatens the national security of the United States of America, and indeed world order. On March 29, 1988, the Select Committee on Narcotics Abuse and Control held a hearing on "U.S. Foreign Policy and International Narcotics Control." Responding to a question posed by me, an expert witness, a former official of the National Security Council, equated the threat of the drug cartels with the danger represented by the Axis powers during World War II. If this is the case, and I believe it is, a strategic, coordinated, cooperative multinational response is required. Such a response must involve a comprehensive strategy complete with the resources one must devote to such a struggle for survival.

As a potentially powerful beginning, Congress passed Public Law 100–960, the Anti-Drug Abuse Act of 1988. This authorization bill, enacted in December 1988, contained a number of multinational anti-narcotics initiatives which can form the basis for cooperative action among concerned nations. I would like to submit for the record of this seminar a summary of the provisions.

## P.L. 100–690, The Anti-Drug Abuse Act of 1988, Multinational Anti-Narcotics Initiatives

In the Anti-Drug Abuse Act of 1988, Congress has proposed bold, new international anti-narcotics initiatives which require the support and efforts of many nations. These may be included in discussions with our Ambassadors as well as the international officials with whom we will be meeting.

- *Western Hemispheric Summit*—The drug bill urges our President to convene as soon as possible an "International Conference on Combatting Illegal Drug Production, Trafficking and Use in the Western Hemisphere" inviting heads of State and appropriate high ranking officials from every government in the Western Hemisphere.
- *Regional Plan*—The Secretary of State is required to try to work with our American neighbors to create an integrated regional plan to fight the international cocaine trade. The Secretary is to report to Congress on the feasibility of creating a comprehensive, integrated multinational plan; the measures required to achieve the objective of reducing or eliminating the cocaine trade; the resources needed; and the resources each participating country would be willing to contribute.
- *Latin American Regional Anti-Narcotics Force*—Given the power of the international drug traffickers, and their threat to the national sovereignty, public health, domestic law and order of all affected nations, Congress has instructed the President to direct the Ambassador to the O.A.S. to explore the idea of a Latin American regional anti-narcotics force and regional strategy.

"Sensitive to the legitimate concerns of other member nations of the Organization of American States, the United States stands ready to provide equipment, training, and financial resources to support the establishment and operation of such an anti-narcotics force, but believes that the personnel for such a force should be provided by those nations facing the most serious threat from drug trafficking organizations." [P.L. 100-690, sec. 4101(a)(6)].

Six months after enactment, the Secretary of State shall report to Congress on progress and shall submit a budget request within 30 days after submission of the report.

- *Caribbean Anti-Narcotics Training Center*—Sense of Congress urges the Assistant Secretary of State for International Narcotics Matters to seek the establishment of a regional anti-narcotics training center in the Caribbean.
- *International Criminal Court*—There is a Sense of the Senate that the President should begin discussions with foreign governments concerning the establishment of an international criminal court to expedite cases regarding the prosecution of persons accused of drug trafficking charges or other international offenses.

In my capacity as Chairman of the House Subcommittee on International Development, Finance, Trade and Monetary Policy, I am extremely concerned that trade, assistance, and debt policies and programs operating in the Western Hemisphere help in the creation of economic alternatives and independence from the lure of the drug economy. It is of vital importance that the programs and projects of the Inter-American Development Bank, the World Bank, and the International Monetary Fund be enhanced and structured to address the challenge of weaning the economies of the region away from the drug trade.

I look forward to the deliberations and findings of this important gathering of experts and again, thank all of the participants for the contributions to the public policy dialogue that will, I am confident, be made at this seminar.

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## MORNING SESSION

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# THE EFFECTS OF DRUG TRAFFICKING ON THE POLITICAL AND ECONOMIC SYSTEMS OF LATIN AMERICA

### WELCOME AND OPENING REMARKS

#### JOSEPH E. ROSS, DIRECTOR, CONGRESSIONAL RESEARCH SERVICE

JOSEPH ROSS. Good morning, I'm Joe Ross, the Director of the Congressional Research Service. I would like to welcome you to the Library of Congress today for a seminar on drugs and Latin America, economic and political impact and U.S. policy options.

We are presenting this seminar at the request of the House Select Committee on Narcotics Abuse and Control.

Drug abuse is a complex problem with widespread political, economic and social implications for producing, transit and consumer nations. In the area of foreign policy, political and economic instability in drug producing areas around the world—and particularly in Latin America—may result in the subordination of the United States drug control agenda to other pressing foreign policy concerns.

Narcotics traffickers in the western hemisphere are gaining powerful economic and political constituencies and making inroads in the coca producing nations of Bolivia, Columbia and Peru. Coupled with this threat to regional stability is an ongoing difference of perceptions of the problems as viewed by the United States and by its other neighbors in the hemisphere.

In our bilateral relationships with Latin America, United States policy makers have tended to view drug abuse primarily as a law enforcement issue, whereas Latin American nations frequently view the problem as an economic and trade issue.

Our seminar today will explore the political and economic impact of drug trafficking on Latin American nations and will examine development and other strategies and options for dealing with the problem. Its purpose is not to leave you with a particular view or proposed solution to these important foreign policy issues and their implications for Congress, the Administration, and our hemispheric neighbors. Rather, its purpose is to provide new insight into these complex policy issues and to help you frame alternative solutions.

Without further delay, let us begin to examine these complex issues. Our moderator for today's session is Raphael Perl, who is a specialist in international narcotics policy in our Foreign Affairs and National Defense Division. Raphael.

## PANELIST PRESENTATIONS AND OVERVIEW OF ISSUES

### RAPHAEL PERL, MODERATOR, SPECIALIST IN INTERNATIONAL NARCOTICS POLICY, CONGRESSIONAL RESEARCH SERVICE

Mr. PERL. Good morning. Our seminar today will be divided into two sessions. The first session will deal with the effects of drug trafficking on the political and economic systems of Latin American countries and it is scheduled to end at noon. The second session, which will be moderated by Ray Ahearn, our specialist in trade relations, examines narcotic trafficking and regional development and explores alternatives, strategies and options.

The panelists for this morning's session are:

*Michael Skol,* Deputy Assistant Secretary for Inter-American Affairs at the Department of State. Mike formerly served as the Director of the Office of Andean Affairs at the State Department.

*Gustavo Gorriti,* currently an associate with the Committee for Latin American and Andean Affairs at Harvard University. Gustavo is an investigative journalist by trade whose work has led to the exposure of political, police and military corruption linked to two of Peru's most powerful cocaine organizations. He is the author of a forthcoming book on Sendero, a history of the shining path war in Peru. Gustavo, in his early years, also worked eight years as a farmer in Peru—not as a coca farmer—and when he is not writing or reading, he practices judo, so he is a tough man to tangle with and we have to watch him carefully.

*John Martsh,* Latin American Coordinator at the Drug Enforcement Administration. John's office is responsible for implementing joint DEA host-country programs to target narcotics production and trafficking with a special emphasis on trafficking organizations. If you look at John's lapel, he is wearing an operation Snowcap button—now we know that he is knowledgeable in our paramilitary operations in Latin America. A person in John's position will not regularly be seen at Congressional hearings, but he is an excellent person to tell us what's going on behind the scenes.

*Anthony Maingot* is a Professor of Sociology at Florida International University and a specialist on drug trafficking in the Caribbean. Tony has just published an excellent article on drug trafficking in the Caribbean in the fall edition of the Journal of Inter-American Studies and World Affairs.

And last but not least, *Rensselear Lee.* Renss is an author, scholar, and private consultant with Global Advisory Services in Alexandria, Virginia. He is the author of numerous articles on drug trafficking in Latin America, including the article in the fall 1988 issue of Orbis, "Why the U.S. Cannot Stop South American Cocaine". He is also the author of a forthcoming book entitled *The White Labyrinth: Cocaine Trafficking and Political Power in the Andean Nations.*

Today's seminar is structured to allow maximum time for questions, answers and discussions. I therefore ask the panelists to kindly limit their formal remarks to about 10 minutes to permit more time for questions.

This morning each panelist will comment on three issues. They are: 1) how much political control are traffickers gaining in the Latin American countries; 2) to what extent are these countries

economically dependent on the drug trade; and, 3) what are the implications of these trends for U.S. and Latin American policymakers?

When all the panelists have presented their views on these issues, they will have the opportunity to respond to the remarks of their colleagues. We then will take a 10 minute break and afterwards open up the floor for questions, comments and discussion.

Our first panelist is Michael Skol. Mike.

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**MICHAEL SKOL, DEPUTY ASSISTANT SECRETARY FOR INTER-AMERICAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. SKOL. Raphael, thank you very much. I am not going to elaborate on the statistics and specifics about cocaine economies and how many hundreds of millions of dollars are involved—so much of this information is anecdotal anyway.

I will, however, leave you with some markers about each of these three questions to think about as we listen to people comment on the scene, on the ground and in Latin America. I will limit my remarks to Bolivia, Colombia and Peru; these countries are the heart of the cocaine problem in Latin America.

*Drug Traffickers Interested in Doing Business and not Political Control*

The first question revolves around how much political control the traffickers are gaining. But, what do we mean by political control? My first marker is that we do not have knowledge of any narcotics trafficker or organization or cartel, interested in controlling countries. They are not out to take over Peru, nor are they out to run Colombia or Bolivia. Such peripheral events as to what Carlos Lehder may or may not have been doing with his own weird political party are definitely peripheral.

What these people are interested in is preventing the government from acting against them, and that is all. They are interested in preventing interference from those parts of the government that are capable of acting against them.

When extradition in Colombia frightens the narcotics traffickers, as it most certainly did for three or four years in Colombia, the trafficker will act against the criminal justice system, they will act against the presidency, and they will act against the Supreme Court, in a way that will end the danger of extradition—which they did, with rather spectacular success. The Colombian criminal justice system, the Supreme Court, was intimidated into ending the chance—at least for the near term—of extradition of any of these people out of Colombia to the United States. They are not interested in political control; they are interested in doing their business and preventing anybody from interfering.

*Traffickers Pose a Threat to Political Leaders and Institutions*

How seriously do political leaders in these countries consider the threat to them and to their societies? With extraordinary seriousness, as well they might. The intimidation factor cannot be ignored. You cannot live in Bogota, Colombia, as I did for two years, and attend as many funerals as I unfortunately had to do in that

place, without feeling how frightened and intimidated so many people in the government, in the police, in the judiciary, must feel—if they have any sense of feeling at all.

What does it mean that they feel threatened? What is it that threatens them? First of all, there is real personal danger, no question about it. Second, there is the feeling of losing control of part of their political system—not the government falling—but the shame of a criminal justice system in Colombia, for example, which simply does not work. It does not function. The Supreme Court cannot deal with it, the police cannot deal with it.

Such institutions became impotent in the face of the threat from the narcotics traffickers. And they are often prevented from reacting against such threats in traditional legal ways. That is why we talk so much about a paramilitary situation developing. It is not that the drug trafficking organizations are better armed than the police or the military. That notion is a fallacy; it simply is not true. Drug traffickers don't have atomic weapons or tanks or jet interceptor aircraft. They are as free as guerrillas to act, and that is why they can act with such impunity, in places like the Upper Huallaga Valley in Peru, or the Llanos in Colombia, or the Chapare.

Governments simply respond with paramilitary actions because other methods have proven infeasible, not implementable, in countries like Colombia or Peru. So they fight what looks like a war in the Upper Huallaga Valley, they fight what looks like a war in the Llanos. But they are not fighting heavily armed battalions of narcotics traffickers.

*U.S. Policy Makers Must Consider Economic and Political Impact of Success*

What are the policy implications of drug trafficking for Latin American and U.S. policy makers? I would suggest, as we hear the panelists, that we think about what these questions mean in terms of how the United States, or Europe, or the Latins together, can deal with a problem which, from the Latin point of view, is eminently political and eminently economic.

I would suggest that in thinking about what the U.S. does overseas, the law enforcement element and the military/national security element, are not the whole story. What if, for example in Peru's Upper Huallaga Valley, our incipient military assistance, and aerial eradication of coca, came together and began to really work to reduce the flow of coca from Peru to Colombia, and eventually to the United States. What happens? What happens to the political situation—to the economy of a country that is prostrate anyway, politically and economically? And what, should the United States' response to such a scenario be? Should the United States do things in the military and in the law enforcement area and then say, "Fellas, it's your problem now there has been a change. Things are now economically out of balance. It's your problem to put it into balance."

I would suggest that we will never even reach the point of success in eradication or interdiction or military action against the traffickers or their allies unless we also think about such long term implications, because there will be resistance. And it is not a lack

of political will on the part of a Government to say, "We can't do that because——". It is a genuine concern for what movements are going on and would go on in an economy and in politics if just half of the United States program is pursued.

I am talking, obviously, about the question of economic assistance, military assistance. I am not going to propose figures here. But if we are serious about working overseas to reduce supply, we had better think about the domestic perceptions of various policy options within the affected nations. This is not just a law enforcement problem, and we won't even get to the law enforcement aspect unless we think about the rest of the equation.

These are just some markers to keep in mind as a starting point for our discussion today. Thank you.

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**GUSTAVO GORRITI, VISITING FELLOW, CENTER FOR INTERNATIONAL AFFAIRS, HARVARD UNIVERSITY**

*Cocaine-Traffickers Trying to Gain Political Power*

Mr. GORRITI. I find myself surprised to be in agreement with most of what things that Michael Skol has said. However, I have to point out that narcotics-trafficking-related interests have indeed tried to gain political power in some source and transit countries. That was the case of the Garcia Meza regime in Bolivia, which was without doubt the most important case in which political power—the control of a country—was used to further, protect and engage in narcotics trafficking. In the case of Peru, the Langberg and Rodriguez Lopez organizations were able-each in its own way to infiltrate critical parts of the Peruvian government.

Langberg achieved considerable influence with the Morales Bermudez military regime, and then with the Aprista party. He funded most of that party's presidential campaign in 1980 and was a dominant force until his downfall in 1982. Then, the Rodriguez Lopez organization was able, for most practical purposes, to control the police forces of Peru during the period from 1980 to 1985, especially the Peruvian Investigative Police, which is our equivalent of the FBI.

The Langberg and the Rodriguez Lopez organizations, however, thanks to journalistic exposure and social reaction, were largely destroyed, and most of their members are in jail now. Narcotics trafficking, however, did not diminish. On the contrary, it increased continuously throughout those years.

*The Impact of Cocaine Traffick on the Andean Countries*

That brings us to the main question: what is the impact of cocaine traffic on these countries? I believe that, especially in the production countries, in Peru and Bolivia—and to a lesser extent in cocaine's trading center, Colombia—cocaine trafficking has been nothing less than an economic revolution which has directly involved hundreds of thousands (perhaps as much as one and half million) people, in the different stages of cocaine production. In addition, many more millions are indirectly involved with it. In several cases, the whole country has become economically dependent on it.

*Legal Economies and the Cocaine Economy*

During the last decade, both Bolivia and Peru have undergone profound national crises—extraordinary and traumatic experiences even for countries where endemic crises are the norm rather than the exception. Bolivia first went through a disastrous period of hyperinflation during the early 80's, to suffer then the consequences of the collapse of the world's tin market, its main legal export. This, for most practical purposes meant the virtual collapse of the country itself; with only one economic activity remaining consistently healthy in uninterrupted growth: cocaine trafficking. Since 1985, thanks to healthy economic policies, Bolivia has been able to recover in a modest but meaningful sense. Nonetheless, with legal exports barely amounting to $800 million a year, the value of cocaine exports remains greater than all legal exports put together. Partially as a result of that, coca growers and intermediate traders have become significant political constituencies.

The case of Peru might seem to be even worse. The country is now going through a deep and extended crisis, with hyperinflation already rampant, diminishing authority of the government throughout the country. This is coupled with the continuous growth of the Shining Path insurgency, which has been able, since 1987, to gain substantial control of the Upper Huallaga valley—the world's main production center of cocaine base. The Shining Path is using its virulent opposition to the entire range of law-enforcement and coca-eradication measures as a way to increase both recruitment and political/military control of the area in their struggle to take over the country itself. So, coca economy has become a central factor in both countries, which produce about 90 percent of the cocaine base consumed worldwide—perhaps, more so in Peru than in Bolivia, owing to Peru's relatively weaker legal economy now. Nonetheless the coca economy constitutes a fundamental factor in both nations.

Colombia is a different case. In spite of the fact that it is the trade center for cocaine, and that it gets much more value added through the process of transforming cocaine paste and cocaine base into cocaine, and through the export trade itself; the cocaine economy does not have the same specific weight as in Peru or Bolivia; nor has it a comparable constituency of coca farmers. Colombia has its own coca producing areas, but they do not have the dimensions, both in economic and social terms, as those of Peru and Bolivia. The economic impact of cocaine trafficking in Colombia has diminished because Colombia has what is perhaps the healthiest legal economy in South America, even counting Chile. Nevertheless the value of cocaine exports is greater than the value of coffee exports, which is Colombia's main legal export. So even there, cocaine is a very important factor in national life. Also the well-planned and ruthless impact of its businessmen-terrorists on national life is, I think, greater than that of either Peru or Bolivia.

*Economic Alternatives as a Key Issue in the Source Countries*

I certainly agree with the statement that any strategy aimed at reducing coca production in the source countries (Peru and Bolivia) has to be able to first answer the question: what kind of alterna-

tives are you going to give to these countries—to what is now their main economic activity? I think that this is a central question that should be answered before any further action is taken. I believe this because several years application of the current strategy, involving supply reduction, has shown to be little more than a continuous, ongoing failure. The application of this law-enforcement, prosecutorially-oriented approach that the United States has been consistently imposing throughout these years on the source countries, has brought paradoxical results. Not only have these governments been unable to apply U.S. policy successfully, but while attempting to do so, they have lost authority over parts of their territory.

In the case of Peru, the loss of the Upper Huallaga and other coca-producing areas to the competing underground government of the Shining Path might well be definitive; unless dramatic progress in the counterinsurgency war is achieved by the Peruvian government. Unfortunately, such dramatic progress is not a likely prospect in the foreseeable future. In Bolivia, where there is not any significant armed revolutionary movement, opposition to coca eradication is actively conducted by well-organized coca-farmer and worker unions. Both the governments of Peru and Bolivia have managed to alienate hundreds of thousands of people in the coca-producing areas.

*Successful U.S. Narcotics Policy Spells Economic and Political Disaster for Producing Countries*

At the same time, the governments of Peru and Bolivia have developed, willingly or unwillingly, a distinctly schizophrenic approach to the whole issue. This owing to the fact that not only the coca-producing areas, but also the whole economies of both countries are now highly dependent on the cocaine economy. The dependence of depressed legal economies on the illegal coca economy is a very real and not too surprising fact. Some of the groups and sectors that are, to some degree, compromised by the cocaine economy belong either to the government or to legal pillars of the establishment.

I think that the governments of both Peru and Bolivia have been placed in an impossible situation, because if the current United States strategy of coca eradication and law enforcement were to be implemented, their national economies would collapse, and perhaps even the governments themselves would fall. Therefore, any anti-cocaine strategy at the supply level, in the source countries, must first address the implications for source countries if they were to commit themselves to a determined effort of eradicating the cocaine supply. Policy makers in Peru and bolivia must be sure that this kind of anti-cocaine commitment would result in a national gain for both countries and not an unmitigated loss. Thank you.

## JOHN P. MARTSH, LATIN AMERICAN COORDINATOR, DRUG ENFORCEMENT ADMINISTRATION

### *U.S. Demand Fuels Increase in Number of Trafficking Organizations*

Mr. MARTSH. From the Drug Enforcement Administration's (DEA) perspective, the United States and its insatiable appetite for drugs is what is fueling the establishment of large scale drug trafficking enterprises in Latin America. These enterprises have amassed billions of dollars of profit.

In Bolivia we estimate there are approximately 30 of these large scale organizations operating. In Colombia, two are operating that are very well known worldwide: the Cali and the Medellin cartels, plus probably 70 to 80 other organizations that are involved in the production of either marijuana or cocaine. In Mexico, which is another producing country, approximately 75 to 80 organizations are involved in production of drugs for U.S. consumption.

### *Narcotics Traffickers Primarily Seek Profit and not Political Control*

Because of massive profits these organizations realize, they have a political impact on countries, and excise political influence. I agree with Mike, I do not believe the traffickers are taking control of these countries, or that this is their goal; their goal is to make a profit. They have an insatiable greed that cannot be satisfied and they keep producing more and more, causing the growth of more and more coca throughout Latin America. They have expanded the coca growing production areas outside traditional regions and they are moving cultivation into other countries where it previously had not been present.

The reason trafficking organizations are gaining political influence and strength, we feel, is because they are funding additional criminal activity which brings in more wealth. In addition they are corrupting public officials and institutions, and in some cases they have supported political insurgencies.

In order to accomplish their mission, which is to deal drugs, traffickers also seek to prevent governments from taking action against them. To do so, they have infiltrated existing government agencies and police sectors and they have funded campaigns for public office, so that their views can be represented and so that actions that might impact negatively on their organizations can be stopped.

I mentioned the Medellin and Cali cartels. These two organizations control most of the world production of cocaine and are responsible for about 75 percent of the cocaine entering the United States.

These two cartels and other Latin American drug organizations control literally hundreds of thousands of individuals throughout Latin America as they monopolize the cocaine and marijuana industries. Their employees form a chain of individuals involved in cultivation, harvesting, processing, manufacturing and distribution of cocaine, marijuana, hashish oil and hashish itself.

In order to effectively operate, the traffickers need to employ a virtual army of people—farmers, chemists, transporters, exporters,

and importers of precursor materials needed to refine their cocaine. They also hire distributors, couriers, communicators, enforcers and informants, to keep their operations running.

As in any legitimate business structure, the drug industry also finds people who invest money in their product, as well as shippers, accountants, investment advisors, attorneys, and logistic experts in order to move the mass quantities of precursor chemicals to the remote jungle sites where they process cocaine.

Drug traffickers also form conspiracies, smuggle, corrupt, intimidate and/or assassinate anyone that gets in their way. They evade payment of taxes, and they violate banking laws and currency restrictions.

*Narco-Political Influence is Extensive in Latin America*

In Bolivia it is estimated by some experts that there are somewhere between 300,000 to 400,000 citizens that derive their livelihood from the cocaine industry. In Peru, experts have estimated there are approximately 200,000 people involved in the cultivation, harvesting and processing and sale of cocaine.

In Bolivia, where coca production is legal—or had been until they passed a law last year—coca farmers defend their coca production through membership in coca growing syndicates or unions. Such coca syndicates have received the support of other workers' unions in the country—whose membership totals over a million people. Workers have actually taken and captured cities, like Cochabamba. They have stopped transportation. And they have caused the government of Bolivia to agree to implement a prohibition against the use of herbicides. As it stands today, there will be no herbicidal eradication of coca in Bolivia by government decree.

What I'm saying is that in Bolivia, powerful coca growers influenced the government to the degree that the government agreed to include this herbicidal ban in the new legislation that was passed. Such is the political influence that they exert in these countries.

In Peru's Upper Huallga Valley, experts estimate between 100,000–200,000—hectares of coca are farmed by some 200,000 Peruvians, and a few Colombians as well, because most of the production from Peru goes to Colombia for final conversion to cocaine.

Coca farmers in Peru are represented by provincial and district self-defense fronts that they have formed there to protect their interests. The coca farmers in Peru's Upper Huallaga Valley, are influenced also by the Sendero Luminoso and by the Tupac Amaru, two terrorist anti-government organizations who share a common territory. The Upper Huallaga Valley is a non-government controlled area. The government controls it during specific incursions, but when the government is not present, the Tupac Amaru and Sendero Luminoso have actually invaded and taken over the towns and villages. So it is questionable at which point in time the government exerts control, and which point in time Sendero Luminoso exerts the control. These are very remote areas.

A similar situation exists in the Llanos, the southeastern section of Colombia, where the Colombian traffickers have planted approximately 27,000 hectares of coca. This is also a remote non-government controlled area where there is no permanent government presence in the area, and as a result terrorist groups, such as the

FARC, the EPL, and the ELN are also sharing territory with narcotic traffickers. There has also been evidence that these organizations tax the traffickers according to the total amount of hectares under cultivation. In Peru, terrorist organizations provide protection for shipments of drugs to Colombia. They tax the use of airports. And they are highly influential in these areas.

*Eradication Policy Helps Insurgents*

When the governments of Peru or Colombia attempt in these areas to eradicate, or destroy clandestine laboratories, most of the citizens of the country that live in this area, that are involved in the coca trade are easily manipulated and brought into the membership of the Sendero Luminoso or the Tupac Amaru or the FARC. This is because they see government anti-narcotics activities as taking away their means of livelihood without providing a substitute means of income. So additional membership in these leftist terrorist organizations is generated because of the government's actions against the narcotic traffickers themselves.

*Traffickers Seek to Shape Public Opinion*

To further complicate matters, the Drug Enforcement Administration has received intelligence and documented that many Latin American trafficking organizations are actively seeking to shape Latin American public opinion. They are buying out newspaper chains. They bring their positions and viewpoints before the public through television, radio, and are creating a situation in which the public of these countries looks at America as the enemy. As a consequence, it is hard to get the type of presentation of America's viewpoint we would like to see before the general public in Latin America. Narcotics Traffickers are involved actively in trying to shape public opinion and to a large extent have been able to do so in some countries. Much of this activity has been generated by the cartel in opposition to the extradition process. In addition to the shaping of public opinion through the media, they also obviously use violence.

*Illicit Weapons Trade Assists Traffickers*

Also, in recent years, the importation of weapons into these countries has increased dramatically. In the last year several large shipments of weapons were interdicted by police in a number of different countries. Most of these were assault-type weapons and most of them were destined for narcotic trafficking organizations, not necessarily for terrorist groups.

The traffickers have used these weapons, Colombia being only one example. In Colombia, the traffickers found it necessary to kill an attorney general, a minister of justice, 596 police officials, 143 Colombian military personnel, 12 Supreme Court justices and 50 judges. The traffickers do find the government a problem, and so in order to get their viewpoints heard and to get the government to stop the actions it is taking, the traffickers are assassinating many of the government officials who are opposed to the traffickers.

The same can be said for Peru. If one were to look at the Upper Huallaga Valley, in the last three months there have been 50–60 people that have been assassinated there.

*Economic Impact of Trafficking is a Legitimate Concern in Latin American Nations*

The economic impact, of the drug trade and the extent that these nations are dependent on the drug trade is a valid concern. However, the Drug Enforcement Administration is primarily a law enforcement organization, and as such we have assigned approximately five percent of our special agent work force to Latin America. These agents have been involved actively in implementing law enforcement programs with our host country government counterparts.

The DEA does not really have expertise in the economic area as we do in the law enforcement arena. But there are some comments I'd like to make about the economic impact of drug trafficking on producer countries in Latin America. Many experts have spoken up and said, yes, there is repatriation of dollars—less to Colombia, more to Bolivia, and even more to Peru. This is confirmed by a glimpse of actual cases that we've made here. By investigating money laundering operations, DEA has had a glimpse into the workings of these organizations. But for the most part, most of the money that we have seen does not return to the source countries; traffickers invest the profits in tax havens, off-shore banking accounts, where they have security, stability of currencies, stability of governments, and where their investments will grow. They also invest a lot of their money in real estate in the United States.

But some of it obviously has to get back to run this army of people that are producing the drugs. Estimates have ranged from 500 million to one billion going back into Colombia and higher amounts going to the other countries.

The accuracy of predicting the numbers is highly questionable. There is no real accurate method of doing so; it is like predicting the total amount of hectarage under cultivation, or the total amount of drugs produced by any one country, or the profits that are gained by any one organization. Thank you.

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**REMARKS OF ANTHONY MAINGOT, PROFESSOR OF SOCIOLOGY, FLORIDA INTERNATIONAL UNIVERSITY**

*Caribbean Nations Are Just Beginning to Recognize Threat of Drug Trade*

Professor MAINGOT. I was introduced as an expert on the drug trade in the Caribbean. However, I do not think such an animal exists. One of the things that I have been interested in is why, in a region where the drug trade is now worth around $50 billion, there is no study of it, no university focuses on it, and there is only minimal discussion among the major commentators in the press. My concern, in other words, is not directly with the drug trade, but rather with a sociology of knowledge of levels of consciousness. What does it take for people to suddenly become aware that they have a problem and what are the reasons why it takes so long? One of the things I will end up with saying is that unless we understand traditional historical notions of corruption, we're not going to understand the new form of corruption that deals with drugs.

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Drugs did not start the process of corruption; merely took advantage of forms that were already there.

One of the areas that we see developing in the Caribbean is a sense that there is a threat. Let me give you an example, to be specific. In April 1988, exactly one year ago, during the campaign in Jamaica, Carl Stone, who is by far Jamaica's most important pollster and opinion shaper, had a column in which he said—and I quote—"We are spending so much time agonizing over petty United States gossip about supposed Mafia-type links between local politics and drug dons." He then proceeded to call for a discussion of the real issues facing Jamaica. That's April 1988. Now it is a fact that the campaign in Jamaica proceeded without any serious discussion of the drug issue—other than attempts by one party or the other to accuse the other of getting money from the drug trade in Jamaica.

Granted, Jamaica provides only about two percent, maybe three percent, of the marijuana that is consumed in the United States and only about 1.5 percent, as far as I know, of the marijuana produced in the world. Belize, which is the other producing state in the Caribbean basin, produces about half of one percent of what the Americans consume.

But that is not the issue of concern. The fact of the matter is, the importance of the Caribbean as a trans-shipment area is geopolitical. Beyond that is the area of expertise; fundamentally in banking and laundering of monies. Expertise which goes back to the old banking sectors in Cuerso and the new, but very formidable banking sector in the Caiman Islands i.e., the remnants of the British and Dutch empires in the Caribbean.

Exactly one year after Stone had written that editorial saying why we are so concerned with all these debates, let us deal with the real Jamaican issues. Stone wrote an editorial which appeared this month which I want to quote for you. "Now that we have bipartisan unanimity on the issue of the war against drug dealers which threatens to cripple our economy, it must surely be possible to get these laws enacted in a hurry and to make any constitutional changes that may be necessary to facilitate them. The very future and livelihood of this country and its people are at risk here and everything has to be done to cramp this illegal drug trade." A dramatic shift within one year. One wonders what had to happen.

*U.S. Policy of Levying Fines on Jamaican Carriers Warrants Closer Examination*

Let me present, very briefly, some of the things that have happened. First of all, the two major shipping lines refused to take goods out of Jamaica. They agreed to take goods in, but they had an embargo on taking goods out. Why? Evergreen, the Korean owned line which is the largest line, paid (in 1987) $135 million U.S. dollars in fines to U.S. customs. Sea-Land Services paid (in 1988) $85 million worth of fines to U.S. customs.

The question is—and this is the vital life link to Jamaica—what business can survive when they are paying in fines, leaving alone the cost of policing their containers, what is calculated to be in the neighborhood of $3,000 Jamaican dollars per container. The port of

Jamaica operates between 850,000 and one million containers per year.

When the Jamaican government instituted a 100 percent search and strip operation, the result was an enormous backlog of containers and businessmen said, "How can we do this?" They also were paying about $2,500 Jamaican for each container. They have since had this procedure removed and now have a selective search process.

The point is, of course, that the situation was so bad that when Michael Manly came in, the one Ministry he kept under his office was the Ministry of Defense. And you had the Wall Street Journal publish an absolutely absurd editorial saying that Michael Manly was obviously very relaxed about his mandate. The fact of the matter is that Michael Manly realized that he had a war on his hands and that the Ministry of Defense would have to be involved in that war. Consequently, it is not surprising that one of the things that just occurred in Jamaica is the militarization of the two airports and of the port.

The militarization, now how did that come about? That came about during this month when an Air Jamaica flight was discovered to have 3,500 pounds of marijuana on the flight. Now you can say—like Jamaicans—how in God's name can you get 3,500 pounds of marijuana on a plane if the airports are now militarized and what not? And that is the big debate in Jamaica today. This discovery is seen as a major political challenge on the part of the Gangilores against the government of Michael Manly. They specifically put that on the plane, wanting it to be discovered.

Aside from the cost, which now is nearly bankrupting Air Jamaica—you go to the Miami River, which I do frequently, you will see two boats that belong to the Jamaican Banana Cooperative Association. They cannot pay the fines so the boats are sitting there, which means they cannot transport their bananas, etc.

How to interpret this situation is one of the issues with which Jamaicans are now starting to deal. Are the drug traffickers so powerful that they can challenge a government which has decided to do everything to stop this trade? Now, how to reduce the flow of drugs from Jamaica to the United States is an issue that is going to have to be negotiated between the United States and Jamaica, because Jamaica obviously cannot continue to pay these fines. Whether it's Eastern Airlines or Evergreen or Sea-Land or Air Jamaica, you name it, anything moving out of the country seems to be susceptible. Not only just the cocaine, which you can pack within doors or under seats, but also rather enormous loads of marijuana.

*The Drug Trade Fosters Illicit Arms Trade and Restricts Tourism in Jamaica*

The situation in Jamaica does not end there. For instance, in January of this year, a major multi-million dollar shipment of weapons—German manufactured—were discovered. They were shipped from Portugal destined for Colombia, but ending up in Jamaica. Eight people were arrested in Jamaica. This now, is regarded as an indication that Jamaica is indeed a link, not only in the shipment of drugs, but also in the movement of weapons going into

South America. The discussion in Jamaica was about the number of these weapons which actually remained in Jamaica because this occurred just prior to the elections. So the society begins to worry that maybe if 10 percent of the weapons being shipped to Latin America stay in Jamaica, then you're going to have a situation which will be impossible for the Jamaican authorities to deal with.

Another problem, for example, is the tourist trade. Jamaica, like all Caribbean countries, is banking on the tourist trade for part of their development, since the CBI really has not been providing the kind of boost that they thought it would have.

The drug trade seriously affects the tourist trade. The Jamaican Tourist Board made a survey and calculated that in one half an hour in Nagrille, which is one of the major tourist centers, any tourist will be approached 10 times by drug vendors. So the problems are across the board. And the problems you see are not really a question of money, but rather the kind of situation that exists when so many of your people—grandmothers and whatnot—are on the beaches selling drugs? What is happening to the fiber of that society?

*The Drug Trade in other Caribbean Nations*

The important thing is, of course, that Jamaica is only one type of society in the Caribbean. You have other types, and it's not for me to give a topology, of different things, but nevertheless, focus upon a situation—such as what I think is occurring in Haiti, similar to Panama, where you don't know who is the good guy and who is the bad guy. It's a murderous round of poisonings, murders and coup d'etats and whatnot. It is not an issue such as we heard described in the case of Colombia, where the government is making a heroic effort, losing people in the battle; it's a question of not even knowing who the good guys are. It's an unpredictable, gray area operating in those societies. And in the question period, we can go into discussing those societies.

But clearly, in societies like that, the policy options you face are the least of the evils. It's not a question of supporting this, that or the other. Should we support, for example, certain officials in Haiti. One was the bag man for the DuValier's for 22 years. Is he involved with the drug trade? It's difficult to tell truth from fiction.

The point is that the damage that the drug trade is doing is also evident in situations such as the following: In the Dominican Republic, the ex-president is being tried for corruption. A very unusual situation in Latin America, but it's developing now. The new issue now is did the President of the Republic actually protect drug runners and was the protection of drug runners a major part of President Horte Blanco's presidency? The important thing of course is, that this corrodes the political culture as do questions which have been asked in the Bahamas for years now. Such questions as, what is the role of the Prime Minister in the drug trade? And Royal Commissions are appointed which discover the Prime Minister has an income of less than $100,000 per year, yet he has expenses per year of some $2 million. Where's the rest of the money coming from? How could he buy a house that cost $5 million, etc., etc.?

*Tolerance of Corruption is Increasing*

The results of such questions are erosion, a development of cynicism, and if not of cynicism a jadedness, where levels of tolerance for corruption are increasing; we don't know what the outer boundaries of that tolerance are. And this is the situation that is developing.

One of the consequences of this is something that we see in Surrey now, where you say; look we can't fight it, and besides that we abhor all these corrupt military men. What we are going to do is tolerate the military being corrupt just to get them off our backs. This is more or less the situation in Surrey now. They are so eager to get these pseudo-Marxist military off their backs that they say they are going to run drugs. This is the type of situation that is developing.

*Five U.S.-Caribbean Drug Policy Issues Requiring Closer Examination*

Now, I'm going to end by giving you five points which I think ought to be examined. Number one, which I've already mentioned, there is a need to *understand traditional patterns of corruption.* In the case of the Bahamas, for instance, how they went from rum-running to casinos to drugs. In other words, you build in an expertise, you build in your geopolitical lines and you build in your connections to the major markets.

Secondly, there needs to be a very real and *collective discussion of traditional concepts of sovereignty.* If your country is threatened, in terms of its independence, what is the value of sitting around discussing traditional concepts of sovereignty vis a vis those who are attacking drugs. We also need a real discussion of this whole concept, given the threat that we are facing.

Third, *the remaining colonial powers in the Caribbean must take more responsibility,* specifically Britain, vis a vis the Turks, and Holland, vis a vis Curacao.

Fourth, there has to be an awareness that in the Caribbean, if we have a war on drugs, *Cuba cannot be excluded.* I was in Cuba last week. One of the issues they discussed is that they believe that their geopolitical situation and their coast guard capabilities, which are comparable to none, including the United States, and in the Caribbean, indicates that Cuba has to be included for two reasons: one, because of that military capability; but number two, because if they are involved, as the presence of Robert Vesco there might indicate, then you would want to draw them away from it. That is a very controversial issue indeed, as I will soon discover—as my column in the Miami Herald appears next Monday, I will be getting phone calls from the Miami community about that. Nevertheless, I think we ought to look at it.

Finally, there has to be an awareness that *the United States is not the sole actor in solving problems resulting from the international drug trade.* And I'm talking about our own academic community fundamentally. Unless we can get our scholars to come down from that grand theory of the Marxist and dependency school discussions, where they are discussing the whole areas of the world and while they've got a pot boiling right at their very feet, that

level of consciousness which is needed to engage in this battle at all levels is not going to take place. And so, from that angle, there's a great deal to be done in terms of the academic and journalistic discussion about the issue.

Thank you very much.

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**RENSSELEAR LEE, III, AUTHOR, CONSULTANT AND PRESIDENT, GLOBAL ADVISORY SERVICES**

Mr. LEE. Stopping the flow of South American cocaine has been a very important U.S. policy objective in the 1980's. Obviously this goal has proved to be very elusive. The dimensions of the cocaine industry have expanded very significantly in this decade, and so has the industry's economic and political influence in this hemisphere.

What I'd like to do today is to address this question of influence, and my primary focus will be upon the Andean region, which is the source of nearly all the world's coca and cocaine production.

*Economic Factors*

Now, we can quibble about the numbers, but by all indications it's clear that the cocaine industry has acquired a very powerful economic foothold in the Andean countries, especially in Peru and Bolivia. Cocaine exports account for a significant chunk of these countries' foreign exchange earnings. The cocaine industry is a very significant employer. Hundreds of thousands of South Americans work in the main phases of the industry—cultivation, processing, refining, transportation and distribution. I think, the cultivation phase alone provides a living, for at least three percent of Peru's population and five percent of Bolivia's.

The cocaine industry also generates employment indirectly. For example, the inflow of cocaine dollars into the city of Medellin in the 1980's stimulated that city's lagging industrial base and helped to bring down Medellin's unemployment rate from nearly 17 percent in 1983 to 12 percent in 1987.

Finally—and I think this is really a crucial point—the cocaine industry has revolutionized expectations and aspirations within Andean societies, for peasants especially; for people in the countryside the industry offers a kind of instant introduction to modern life styles—the chance to enjoy video cassette recorders, high tech sound systems, the latest Toyota land cruiser, a Datsun truck and other trappings of modernity.

All of this means the cocaine trade has spawned new constituencies that's placed new demands on Andean political systems.

And this raises the question that was posed very effectively by Mike Skol, of what would happen to Andean economies, to Andean societies, if we should in fact be successful in the war against cocaine in these societies?

Now, I don't want to imply here that the cocaine industry has been an unmixed blessing for South American economies. Much cocaine income does not return to the source countries. Some of what does return is spent in ways that do not benefit the economy; for example, in maintaining large private armies or in financing coter-

ies of compliant government officials. Traffickers often invest their money in ways that are wasteful, outlandish, or just plain stupid.

But I think that in a macro-economic sense, the cocaine industry is a kind of safety valve. It provides jobs and income and foreign exchange where the formal economy fails to deliver. And we can note in this connection that Bolivia's GNP declined continuously from 1980 to 1986, that Bolivia's official unemployment rate is 20 percent today compared to 6 percent in 1980, and that Peru's exports declined by approximately 15 percent from 1984 to 1987, and Bolivia's by 30 percent. So conditions in this decade, which some people have called the lost decade of development in South America, have been ripe for the cocaine industry to make inroads into Andean economies.

*Political Factors*

Now let's take a look at the political effects of cocaine. At the upstream end of the cocaine business, farmers who cultivate coca are numerous and they are very well organized. John Martsh referred to Bolivia's powerful coca lobby. This coca lobby includes regional growers' federations, national peasant and labor unions; it also includes a block of deputies in the Bolivian congress. We have a serious situation in the Upper Huallaga Valley; in the valley, over 90 percent of farm income comes from coca cultivation. And here coca farmers receive encouragement and armed support from Shining Path guerrillas, and the Shining Path has been able to exploit the issues of crop eradication, and the spraying of herbicides, to gain a political foothold among coca growers and other residents in the Huallaga Valley.

It's pretty clear that Andean coca farmers and their allies have fought with some success against U.S.-backed efforts to eradicate coca fields. In Bolivia, the government does not dare eradicate without the consent of the powerful growers' federations. I think it's also true that fear of massive peasant unrest and pressure from coca farmers and other groups have deterred Andean governments from massive applications of chemical herbicides against the coca plant.

Now especially important in political terms, are the large criminal syndicates that refine and smuggle and distribute cocaine. The power of these syndicates, or cartels, rests ultimately on money, on their very substantial financial resources. Cocaine money buys private armies, complete with sophisticated weapons, fast aircraft, state of the art communications gear; and it finances extensive systems of protection and intelligence. These systems include accomplices or informants in key national institutions; the police, the military, the judiciary, the legislature, government ministries, the church, the news media, and so on.

Cocaine dealers also funnel large sums of money to major political parties and to electoral campaigns. In fact, you could probably make the case that these traffickers help to underwrite the democratic process in the Andean countries.

And finally, leading traffickers such as Pablo Escobar, and Gonzalo Rodriguez Gacha in Colombia and Roberto Suarez in Bolivia have helped to build broad political support by sponsoring public works that benefit the urban and rural poor, such as housing devel-

opments. For example, such public works as, the Barrio Pablo Escobar in Medellin, sports stadiums, clinics, schools, sewer repair projects, and so on.

Now, cocaine traffickers, because of their financial and logistical resources, have allowed them to acquire de facto territorial control in parts of Colombia and Peru and Bolivia. Colombia's cocaine syndicates, for example, have developed a very strong regional power base that includes parts of Cordoba, Antioquia, Meta, and other Colombian departments. And their influence also extends to certain cities; for instance, in the cities of Medellin, Cali, and also the Amazon port city of Leticia.

Furthermore, as a couple of the panelists have pointed out, traffickers have acquired some influence over national drug enforcement policy. In Colombia, this influence has become very extensive in recent years. The cocaine Mafia has effectively torpedoed the U.S.-Colombian extradition treaty. And this has been done partly through the selective assassination of prominent Colombian supporters of the treaty such as judges, newspaper editors, and members of the cabinet.

However, the Mafia has also mounted a very effective public relations campaign against the treaty. In addition, the Mafia probably has enough influence in the Colombian congress to block passage of new legislation that would allow extraditions of drug dealers to take place.

*Two Theories of Cocaine Industry's Effect on Economic and Political Institutions: Participation and Confrontation*

Let me turn to another subject. Public debate over cocaine in Washington, and also in South America, often seems to revolve around two competing models or images of the cocaine industry. Let's call these two images the participation model and the insurgency model.

The participation model stresses the cocaine trade's ties to the power structure; that is, it's ability to penetrate established economic and political institutions. Now, according to this model the cocaine Mafia's overriding objective is really protection; protecting trafficking networks, protecting business assets, keeping chief executives of the cocaine industry out of jail, and so on.

Given this aim, traffickers are not really revolutionaries, but more like an interest group; they want to coexist with the power structure; they want to manipulate the status quo but they don't want to change it. And the implication of the model is that cocaine trafficking, if left unchecked and if nothing is done to stop it, will produce a very serious and very lasting corruption in Andean societies, but not any real fundamental change in political systems.

Now let's look at the other model, the insurgency model. This model highlights the aspect of confrontation between the cocaine industry and governments. According to this model, the industry represents a direct threat to democratic institutions and values and in general, a force for instability in the hemisphere. By extension there exists an alliance, or at least some informal coordination between the cocaine traffickers and Marxist guerrillas in Colombia and Peru.

The insurgency model, in other words, sees the cocaine industry as basically an anti-system, anti-government, anti-democracy, and a real threat to the social order.

Now as you know, the idea of a narco-guerilla alliance, which has been around for years, plays very well in Washington, Bogota and Lima. It is tempting, and politically expedient as well, to depict these two very detestable groups as operating somehow in tandem.

The confusing thing about studying this business is that you can find evidence to support both of these constructs. But I believe that the participation model does the better job of explaining the behavior and certainly the aspirations of cocaine traffickers.

Traffickers seek wherever possible to buy into the system and to corrupt the people in authority. Furthermore, as a group, it's become clear, certainly from looking at the Colombian case, that the South American cocaine barons lean more to the right than to the left politically. This is especially true of the major dealers.

And this means that they share interests in common with the traditional property classes in Andean countries, and these common interests appear in very bold relief when there are predatory guerilla forces operating in the neighborhood.

And here I want to talk for a minute about Colombia. In Colombia, cocaine dealers have formed informal ententes with established groups such a rural landlords, right-wing politicians, businessmen, some military commanders, to combat guerrillas and guerrilla sympathizers. These alliances have succeeded in sanitizing vast regions of Colombia; for example, the middle Magdalena Valley was a FARC stronghold in the early 1980's, but it is now increasingly becoming a narco sphere of influence. I'm not sure that's much of an improvement, but this gives an idea of the dynamics involved in what's happening in Colombia.

Paramilitary death squads financed by such traffickers as Pablo Escobar and Gonzalo Rodriguez Gocha—pillars of the community, mind you—have become instruments of counter-insurgency warfare. They are on the cutting edge of Colombia's dirty war against the revolutionary left. This is not to say that there aren't any ties between the cocaine industry and revolutionary movements, but I believe that such ties are mostly low level and opportunistic. I believe these ties involve extortion, and that they are strongest in the lower value-added stages of the industry, by which I mean coca cultivation and intermediate processing as opposed to cocaine refining and distribution.

Of course, the insurgency model does correctly underscore the contradictions and conflicts between cocaine traffickers and governments, but I would hypothesize that most of these conflicts involve drug enforcement policy and that they would probably disappear if cocaine were legalized. And this is a major difference between the cocaine trafficking threat and the guerrilla threat.

### *The Cocaine Industry Presents a Destabilizing Political Threat in South America*

Now the larger question, though, is whether the cocaine industry is a destabilizing political force in South America. Unquestionably it is, in the sense that the violence and corruption associated with

cocaine trafficking threatened the legitimacy of democratic institutions.

The ability of Colombian cocaine traffickers to paralyze the criminal justice system and to coerce the government on extradition, is an affront to Colombia's democratic system. Also, the Colombian Mafia's war against the left, emphasizes simply exterminating opponents—Stalin or Ivan the Terrible approach, if you will—rather than trying to win hearts and minds, which is what you have to do in any reasonable counterinsurgency effort. All of this simply exacerbates class conflicts in Colombian society. And the Colombian government, which is now trying to reach a successful accommodation with the nation's various guerrilla groups, justifiably sees drug trafficking vigilantism as a threat to peace in Colombia.

I'm just going to wrap up very quickly. Do political leaders in South America take the threat of cocaine trafficking seriously? Yes, they do. However, I think—and this is a very important qualification—that it took these leaders an awfully long time to come to the realization that cocaine trafficking represented a major threat to their societies.

At the same time, though, I get the impression that Andean publics and Andean governments still do not necessarily see fighting drugs as a foremost national priority. In countries characterized by high inflation, high unemployment, slow growth, festering insurgency problems, this is not particularly surprising.

Then, these countries' leaders have to worry about what will happen if they are successful in fighting the war against drugs. Well, you can predict some of the possible consequences: massive increases in unemployment, major currency devaluations, balance of payments problems, the collapse of entire regional economies, a flood of new migrants to the already overcrowded shanty towns in the cities, expansion of support for anti-democratic movements on the left and the right, and so on.

At the same time, there are serious risks to Andean governments in doing nothing to combat the cocaine trade, because over time—and I predict this—the cocaine industry will destroy public confidence in democratic institutions and also undermine the capacity of governments to govern their populations and their territories.

Thank you.

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## Discussion

Mr. Perl. I will open the floor now for questions, comments, and discussion, and this includes questions, comments, and discussion from the panelists. And as we frame our questions, I suggest there are a number of things we might want to be thinking about.

There was some disagreement in the panel on whether the traffickers want control of the state. But I think even a more important question is if we begin to be effective, or some of the Latin American nations begin to be effective in their anti-drug endeavors, will narcotics traffickers have to seek control of the state? And if so, what sort of a domestic impact would this have on Latin

American drug producing nations and what would the implications be for U.S. foreign relations?

Another issue that I think is fairly important, and I'm sure we'll be asking about, is what should we be doing, what should our policies be in terms of specific proposals?

And when we ask these types of questions, I think it is important to think, particularly when we talk of proposals of military aid or economic aid, whether or not there is a relationship between levels of economic development and either drug consumption, production or trafficking. Look at a country like the United States; we are a major drug producer, we are a major drug consumer, and we are a major drug transit country. Or, if we look at a country like Colombia, which has a fairly high economic level of development, the question is, basically, would more money there make any difference?

I now open the floor for questions and comments.

*Debt Relief as an Effective Way of Dealing with Drug Trafficking*

QUESTION. Because of the impact of the international debt crisis, might not debt relief be a more effective way of dealing with drug trafficking?

Mr. SKOL. It's an interesting question. In a general sense, I would say that anything that helps countries deal with their economic problems, whether it's debt relief or direct assistance, is going to help overcome the problem of falling revenues (because of the success of anti-drug programs) and therefore political resistance to what the government is doing—if it is somehow tied to real efforts. In other words, just pouring in money and then waiting to see if that's going to improve the situation is not going to work; there has to be some tie.

But in the three countries we've been talking about, essentially there's no debt problem. Colombia does not have a debt problem. It has never rescheduled its debts. It is able to contract debt commercially. Peru does not have a debt problem because it's not paying its debts. That's not the reason for Peru's economic crisis right now. And Bolivia too has dealt with its commercial debts in nontraditional ways.

But in the larger sense, one must look at what can be provided by the United States, by the international lending institutions, by European countries, and by Japan, which can deal with this basic problem of political and economic and social unrest as a result of cutting the heart out of an important economic combine. Anything that deals with that, if handled properly, with linkages, with conditionality, could theoretically help.

Professor MAINGOT. Well, I find this continual discussion as to whether unemployment, the debt, or other things are part of the problem a little disconcerting, because what you have to ask, in terms of a racheting process—look, if you are a Jamaican and you could make $5 a day working in one of the free stores, but your buddy down the road is making $400 a day pedalling drugs on the beaches, what has it got to do with whether you're unemployed or not? You know, you're going to go for the $400.

So it's a problem of scale, of the increasing, escalating opportunities for gain. That is a completely different ballgame.

Mr. LEE. I've been asked this question about debt—the relationship between the drug problem and the debt problem—by two newspaper correspondents within the last couple of weeks. And I don't have a very good answer, except to say that there's certainly no clear relationship between the inflow of money from the drug trade and the willingness of countries to pay their debts. As Mike Skol said, Bolivia and Peru are not paying their debts. With Colombia—well, it simply is very difficult to make a linkage.

There are reports that the Colombian cartels, once offered to pay off Colombia's national debt. Maybe the solution to the problem is to somehow confiscate all the resources that belong to the drug traffickers and use these sources to pay the debt. At the same time, debt relief may give governments a greater economic incentive to fight drugs than they now have.

*A Sense of Pessimism Exists Concerning Ability to Control Drug Flow from Latin America*

QUESTION. Looking at the remarks today, I come away with a sense of pessimism as to the nature of the problem that we are facing. My question deals with success and success indicators. I wonder if particularly Mr. Martsh could talk to how successful we have been particularly in these three countries, from U.S. policy and U.S. actions, to stem control of the flow of drugs. And perhaps Mr. Skol could also answer that. I don't see, in the past few years, that we've been that successful, particularly looking at some of your comments today. I come away with a pessimistic fear that we will never be successful.

Mr. MARTSH. If we are looking at law enforcement as being the ultimate solution, you have every right to be pessimistic. It is not going to be the solution. Whiie we are working actively with our host country government counterparts in Latin America, and are seeing success, we do not feel that ultimately law enforcement itself is going to be the answer to the problem.

To give you some general terms, we estimate there are somewhere between 348 and 400-plus metric tons of cocaine hydrochloride produced in Latin America per year.

Last year DEA seized over 55 metric tons. And when you add what the other Latin American governments seized in joint enforcement efforts, there were over 100 metric tons seized.

So while we do see a large amount of coke coming into the United States, it would have been larger, by approximately 100 metric tons more, had this not been seized in joint cooperative efforts.

As far as enforcement having an impact, it is having an impact in many different ways. We are targeting clandestine production facilities and destroying them with our host country government counterparts. Every facility destroyed has cost those traffickers a significant amount of money to put together. This involves getting heavy equipment and sending it in to very remote areas of the jungle. It also involves seizures of planes, seizures of these labs and their destruction, which has cost them hundreds of thousands, if not millions, of dollars when you total the total amount of seizures, and the impact that we've had in seizing the hydrochloride.

In addition we have seen unprecedented seizures of assets from the traffickers. DEA last fiscal year seized over $650 million in trafficker assets.

We are looking to see this become more of an everyday enforcement objective of our Latin American host government counterparts. And I know the State Department, as well as the Department of Justice, is working with many of our Latin counterparts to see legislative initiatives calling for the seizure of assets introduced in those governments so that they themselves can start taking away the profits from the traffickers. If they can seize the assets themselves and use the monies to fund narcotics enforcement efforts, we are going a long ways. And I see that becoming more and more of a reality.

Mr. SKOL. Well, the good news is that we have had a lot of success. The bad news is it doesn't make any difference. The amount of cocaine entering the U.S. is more than enough to feed the U.S. market; it's so much that it feeds the European market as well. We are now a transit country.

I think one of the conclusions—and it doesn't matter from where you arrive at that conclusion, whether it's by looking at what Renss Lee describes as the economic-political block within these countries, or whether you look at seizure and trafficking statistics—the amount of resources that we and the Andean countries devote to countering this problem is not sufficient. It's not a matter of the other side, as I have stated, having highly sophisticated weapons or jet planes or anything like that; it's a problem of scale.

My personal opinion—just looking at the overhead photos and whatever else we have—is that we and the countries of the Andes, could seize a hell of a lot more cocaine hydrochloride and would still be ineffective in preventing the drugs from reaching the streets of New York. You have to get to a point where you're really hitting them at their ability to grow. I'm not a farmer, but I know that there's a lot of land available to grow coca. A great amount in reserve. Why not take a look at the statistics that we publish ourselves on how much coca we think is being raised in South America; add it up. Then go through the calculations of how much cocaine hydrochloride at the other end could be produced. You will see that this results in enough reserves so a cartel can say, all right, they are bothering us in Bolivia, so we'll close down Bolivia for this season. Now we'll use Peru.

There's enough in the Llanos of Colombia to feed the American market.

*Has The United States Drug Policy Been Successful?*

QUESTION. Then what is your opinion as to whether or not drug policy has been successful.

Mr. SKOL. First of all, it's a longer term problem than most people are willing to admit. Second, it is a problem of more resources than most people are willing to contemplate. Third, the demand side must be added. Some of what we are doing—or trying to do, with some success—is a holding action, while we work on demand reduction and law enforcement in the United States.

I think there are ways that can, at one point, deal with the problem on a wholesale basis. Leverage militaries—as the Colombian

military is beginning do—into a massive attack, on facilities, people, labs, etc. Massive aerial eradication is a chemically and environmentally feasible method.

I don't think it is impossible at all, but with the resources that are available to Peru—what resources? Resources available to Bolivia—what resources are we talking about?

Mr. GORRITI. I have an opinion on that. I believe that the results of the current American strategies of the source countries have not only been unsuccessful, but have largely been counter-productive. I want to apologize for using the comparison with the Vietnam war, but you might remember—if you just took your idea about how the war was going according to the body count, everybody would have thought at that point that the war was being won, which wasn't the case. I believe that it is misleading to conclude, out of the seizure of assets or the amount of cocaine that is seized, that there is any kind of significant progress being made.

You have to understand that even while a very small number of hectares have been eradicated, and a certain amount of cocaine has been interdicted and seized, the amount of the area that has been incorporated into coca cultivation has increased enormously, every year. I could say that for every hectare that has been eradicated, perhaps as much as 10 new hectares have been incorporated into coca cultivation.

Most of the seizures, as Mike has said, essentially have a of regulating effect over the price. They have no problem of supply now, so it's not going to affect them for the most part.

These kind of actions have been primarily centered upon treating the whole drug problem in the supply country as if it was solely a criminal problem to be fought essentially by eradicating crops, arresting the perpetrators, and treating the production chain as virtually one and the same. They have brought about a lot of reaction against the governments; as I said, governments have lost authority over huge areas. In the case of Peru, in the Upper Huallaga, it might already be an irreversible process. In the case of Bolivia, it might be at some point nearby.

Alternative forms of government that purport to interpret the interests of the coca growers, or at least to defend them, have been able to step in place of the formal governments. So I think until that problem is addressed, there is no way that any kind of strategy is going to work; furthermore, I think our current law enforcement strategy will create a lot of damage.

Again, there is another problem; the amount of resources that have been invested in those countries. There has been a lot of rhetorical commitment over fighting the drug war at the source, but the actual dollar amounts that have been invested there, have been, ridiculously small. In the case of Peru, for instance, the amount of investment for all anti-drug measures—law enforcement and crop eradication and some forms of crop substitution—is about $8 million a year—less than half of one percent of the federal anti-drug budget.

More or less, the same could be inferred for Bolivia and even slightly more so for Colombia. So if you are trying to plug a $2 billion, or $1.5 billion a year business in one country with an investment of $8 million, part of which is going to be incorporated into

the foreign debt of that country—because part of that goes as a loan, and a police intensive, hardware intensive kind of action—you are never going to achieve any results; moreover, you are going to set a country in flames.

*Kinds of Solutions that might Work*

QUESTION. I'm curious to know, as we've been speaking of the problem, what kind of solutions might work. I know Mr. Gorriti mentioned that these institutions, these traffickers and this particular market is strong enough to support quite a number of workers in these countries. Also, something needs to be done not just to eradicate this problem, but to actually replace it. Have any of these countries come up with solutions? Crops that could be planted instead of the coca? Ways to make manufacturing or other means of production more attractive to this industry?

Mr. GORRITI. No. You have to understand, I think there is one thing could be worldwide-beneficial to know. The three main areas of coca growing—the Chapare, the Upper Huallaga and the Wavere—are all areas of recent colonization. The coca boom came in the early '70's, essentially competing with farmers who were new to their ecology, who weren't very good farmers, and who were essentially doing subsistence farming. So coca didn't have to compete with a well-established group of farmers who knew their place, or who had more or less good crops to rely on. So production was much easier.

In more traditional areas of coca cultivation, like La Convencione in Cuerso, for instance, there was a slight increase in the area of coca cultivation, but you didn't see the increase of the other crops, like coffee or cacao.

There is a national project, which is funded by the U.S.A., and by the Peruvian government, which is taking loans from the U.S.A., of crop substitution in the Upper Huallaga, which has been largely ineffective. At some points they have tried to promote a cacao cultivation; at other points—last year it was the macadamia nuts, or things like that—which take a number of years to produce. They were unable to organize; they didn't have the capital, nor the expertise, nor even the planning, to answer some of the very simple, and elementary questions that most peasants would ask. How do I get from here to there? When I plant, how do I receive enough money to subsist for the three or four years that the cacao takes to produce? Do I have guaranteed markets, to whom I am going to send? How much is the transplantation going cost me? All those questions have been answered by the narcotics traffickers. So it is no wonder that it hasn't succeeded.

*Crop Substitution will not Replace Cultivation of Coca*

QUESTION. Even though we can put money into the eradication of these things and even though we extend the military aid, etc., at this point neither the United States nor any of these governments have a means to replace that economy, do they? That's really my question.

Mr. LEE. I've gotten the impression, from looking at the substitution problem for some time, that probably the best way to go about it is by not trying to implement a crop substitution program within

the areas that are now producing coca. These areas are ideally suited, for one purpose, cultivation of coca leaves. This has to do, for example, with the soil conditions, the ecological conditions, such as high rainfall, steep slopes, distance from major markets, and so forth. An awful lot of people in Peru, Bolivia, and Colombia whom I've talked to would not only refuse to implement a crop substitution program in these areas, but also refuse to participate in the other aspects of development such as road building and building potable water facilities. The reason is that these other types of facilities—these development projects—would help coca growers and cocaine traffickers along with everybody else. That would then encourage people to stay in these coca growing regions, whereas our main strategy should focus on drawing people out of these coca growing zones, getting them to leave.

But then the question is where do you put them? There is a lot of talk about building agro-industrial enterprises (labor intensive industries) and developing the Upper Cochabamba Valley in Bolivia, or maybe the Ica Valley in Peru. The idea is that we have got to relocate the farmers. But this is all on the drawing board—we don't have places to put all these people. What we are talking about here is nothing less than the revitalization of entire national economies. We are talking about an investment of billions of dollars. There is simply no question about this. We cannot get away from these raw economic realities.

I personally believe that even as important as this cocaine trafficking problem is, our Congress is not going to appropriate the money to take care of the economic and social side effects of a successful war against cocaine in source countries. I therefore deduce, unfortunately, that nothing much is going to happen. We are going to sit here and watch these countries deteriorate, through a long and painful process.

Mr. SKOL. Let me continue a little further. The project in the Upper Huallaga Valley has not been successful for all the reasons that Gustavo said, but also because of their security problem. It's not exactly the best place to plant macadamia nuts in this world.

But the situation in the three major growing areas is very different. Basically, there is no substitute crop in the Llanos of Colombia. It is only economical to ship from there from here something that makes a lot of money, like cocaine—which you can fly out. So crop substitution makes almost no sense at all in the Llanos. People are there to grow coca, and that's about it.

In the Chapare of Bolivia it's a very different story. Before coca started, this area was used for citrus export in Bolivia, and it was a rather successful industry; a road was built to help export citrus. Now it's being used to bring in the precursor chemicals and send out the coca base.

There is reasonable expectation of some kind of crop substitution in the Chapare, but there are too many people in the area right now. You can't sell enough grapefruit to support the number of people in the Chapare. There are probably three or four times as many people in the Chapare than could be supported by any reasonable substitute crop.

There is a somewhat similar situation in the Upper Huallaga valley. It's a distant kind of place. What kind of roads are you

going to be able to build? How are you going to support even macadamia, which is a high profit crop, once you wait the six years for the stuff to grow? Most of the people in the Upper Huallaga Valley growing coca came into the Upper Huallaga from somewhere else; maybe only 10 or 20 percent were already there, growing something more or less profitable.

The notion of helping an economy to make up for losses caused by doing away with the coca industry need not, and possibly should not—this is a great question facing policy makers—focus on the individual substitution of the crop that that particular peasant is going to grow on that hectare in the Chapare.

*Crop Substitution Can only Work if Approached from Macroeconomic Perspective*

A different way to look at the situation is the macro-economic way. In other words, here is the government of Peru, no reserves, no money, how is it going to deal with hundreds of thousands of peasants who have no money because their coca crop has been eliminated? On a macroeconomic level, in exchange for eliminating the coca, you help to change and develop the economy of Peru. So it doesn't necessarily have to be only the Upper Huallaga Valley that is affected.

Now, I realize I'm talking about something that is immensely complicated. But there are people who suggest, for example, that if you come up somehow—the United States, Japan, Western Europe—with a lot of money, and you say, here is a lot of money, hundreds of millions of dollars, which is available to help subsidize and develop the Peruvian or the Bolivian economy, in exchange for the end to the coca industry there. This is a framework—optimistic, but immensely complicated, nevertheless, a framework which many people believe is the right kind of framework; rather than going individually to each peasant and saying, we'll give you X amount of dollars and a motorcycle if you cut down your coca crop.

There are arguments as to which model is best. There has been a lot of thought and a lot of study, but not a lot of resources devoted to the idea of crop substitution—but I don't like the phrase crop substitution, because that brings up a very significant problem that all of us have to deal with, and that is the guilt, the blame, are we paying criminals to stop doing a criminal thing? Let's face it, we get frustrated and angry when we think about, in effect, paying people who are growing coca to stop growing coca. It's illegal, isn't it? That's why I think it may be better to think about it in the sense of the economic balance of a producing country.

Mr. GORRITI. I have some observations about that. First, let me say that the Upper Huallaga is obviously ideally suited for coca cultivation, but it is also very well suited for other kinds of crops. As a matter of fact, it was essentially open to colonization because it was thought to be—especially by former president De Launde, who had this road as his pet project—the new frontier of development for Peru, which has the greatest scarcity of farm land, especially on its coastal area. So it is very well suited. Therefore, there is no way that you are going to rid this newly opened area of people.

I believe that even as difficult as the crop substitution is, at some point it must be dealt with if it is going to be taken seriously.

I agree that it has to be a macro-economic strategy; that you have to strengthen the entire national economy—especially the producing countries—Peru and Bolivia.

I don't think that, considering the scale of their economies and their current weakness, that this would be an impossible effort. The only thing is how you focus your priorities. If you are really serious, if you really focus your priorities, you have to think along other scales of commitment.

But if you want, at some point, to strengthen the legal economies of these countries, you must somehow make coca cultivation unprofitable. This will allow you to conduct a successful crop substitution program.

Obviously, once that point is reached, you have to talk of combining these economic incentives. They have to be better planned, better thought, and combined with some local interdiction efforts. Experience drawn from the Blast Furnace operation indicates that because of the shift from crop eradication to some other interdiction efforts, drove the price of coca down for a long time; even below the production costs.

So perhaps you should think of a program that would include the two words that nobody seems willing to pronounce, which would be a Marshall Plan for these countries, and also a regional development effort, in order to promote crop substitution. You must also think about strong interdiction efforts to put more pressure on the Colombian traders and the traders that bring the cocaine base out of the country. Almost none of the pressure is put on the farmers themselves.

Mr. SKOL. I would agree with everything that Gustavo says. The one thing that's important is not taking the gross figures—let us say $800 million for Bolivia—and then translate that into a "crop substitution" program. You don't have to provide the peasant what he was making in theory from growing coca. You don't have to reach that level, because of interdiction and other efforts to lower the price of the coca leaf, and because of the harassment value against a peasant, his family, his village and his area—with regard to growing something which is, if not culturally immoral to him—is at least illegal in a national sense. You don't have to gold plate the macadamia nut, in other words. The amount of compensation does not have to equal the value per coca leaf of coca. The crop that's substituted can be substantially lower in value—must be; there is no plant that earns as much as coca.

*Worldwide Cocaine Production Continues to Escalate*

Mr. MARTSH. I was going to mention that while all these discussions and all these problems are facing us, the traffickers themselves are not holding back. They are moving forward. They have gone ahead and formed, so to speak, teams of people to go out to related or contingent countries, and they are increasing the production area of coca all the time.

We have seen in many of the bordering countries with Colombia that these traffickers are sending teams in to deal with people in Brazil and in Venezuela; from Mexico they are going into Guate-

mala, and they are causing new growth or new cultivation where it was never present before.

There is a world glut, as Mike has said. Even though law enforcement has seized over 100 metric tons, it does not have an impact because they are producing more than the world demand right now. But without that 100 metric ton removed, prices would have been even lower. With the new growth that's being promoted by the traffickers, the glut will continue to escalate. While these challenges are facing law enforcement, the problem is going to get progressively worse. We feel to some degree that there has to be an even greater effort in the demand reduction which is fueling this growth in the trafficking organization.

*Peasants and Farmers have no Faith in Government Promises of Incentives for Alternative Crops*

Mr. LEE. I'd like to add one final comment on the crop substitution. This is obviously a controversial issue. I've talked to farmers in the Upper Huallaga Valley and they don't believe that somebody is actually going to come in and replant crops in the places where an eradication team has just pulled out their crops. I think it's going to be very difficult to convince the farmer that he can grow another profitable crop in soils where coca is grown, or in the general kinds of ecological conditions that you find in coca growing areas.

But I think some of the things that we have done have not been very intelligent. For example, in Bolivia, we have this program whereby the United States government—I guess in cooperation with other governments—pays farmers a couple of thousand dollars to eradicate their coca farm and then they are supposed to go and do something else. Well, they eradicate their coca farm—their one hectare—and somebody comes and verifies this, and this is fine. The farmer then takes his $2,000 and goes somewhere else in Bolivia to invest that $2,000 in planting another hectare of coca.

So the point is that as long as we have this demand for cocaine in this country and as long as coca yields a higher return than any other crop, you are going to have these kinds of problems with crop substitution. It is not going to sell in these areas.

Maybe there is some miracle crop like macadamia nuts or something that's even better than macadamia nuts that will grow in these areas, that will take hold. But at this point, the general weight of evidence, I think, favors a concept of substitution on a broad geographical scale, not positioning and imprisoning this concept of crop substitution within the coca growing areas themselves. Here we are talking about ways of bringing these people into other parts of the country where they might have a better economic future.

QUESTION. I have question dealing with the eradication issue—or interdiction issue—which was raised before. You mentioned the use of " Spike or some type of chemical defoliant not having the political and/or economic will or backing in a couple of these countries. Do you see that changing in the near future; will countries use the spike defoliant? I know there is testing going on right now someplace down there. But do you see the current reluctance to use her-

bicides changing anywhere in the near future in any of these countries?

*Herbicidal Crop Eradication is Politically Unpopular and Difficult to Implement*

Mr. SKOL. The Peruvian government has always demonstrated the will, for aerial eradication of coca, using an environmentally proven chemical. The problem has been in the United States, not in Peru, from the very beginning, in terms of environmental complaints and of environmental ignorance on just what the herbicides do and do not do. The problem also involves what coca raising and processing does and does not do, and on the availability from the American companies of the chemical itself. There have been aerial tests in Peru and they are being studied right now. It will be a while before the tests can be concluded, which can show six months later, for example, that the soil is free with no runoff, allowing other things to grow. That is what will likely happen in Peru. There is no reason to accuse the Peruvian government of not having the political will to aerially eradicate coca, which is the only way you're going to eradicate coca. I mean, lawn mowers can just go so far when you are dealing with a quarter million acres of the stuff.

Now, as we have said, the longer term question of political will becomes an issue when you think about the affect on those people there. The effect of eliminating the crop and the money that comes in. There is where you're going to begin thinking—my God, what's happening, how do we handle the political, social, and economical impact of all this?

But the Peruvian government has always said and has always done all of the steps leading toward potential aerial eradication. And the Colombians are almost certainly waiting for the Peruvians to start, because there is actually less of an environmental problem in the Llanos. There are not that many people there, and they are not growing anything else, and there is nothing else to harm if you put spike on top of coca growing in the Llanos.

In the Chapare, you have an entirely different cultural attitude toward herbicides and what they might mean. It's a Bolivian attitude and it's actually against the law to use herbicides right now.

We'll see what happens. There are possibilities there if the rest of the bases are covered, which they are not yet, in terms of economic development, etc.

*Reasons Why the Herbicide "spike" should not be used to Eradicate Coca*

Mr. GORRITI. I don't think that the prospects for spraying, especially spike, are going to get any better in Peru; and I think that that's going all for the better. Among others, I myself count among those Peruvians that are absolutely opposed to the idea of using spike. First because I don't think that it has been demonstrated that spike is environmentally safe. As most of you know, Walter Getner, who was the chief scientist in charge of studying herbicides, quit his job in protest for what he saw was a lack of concern for eventual environmental damage.

There has been at least one other case involving a foreign service diplomat in the American Embassy in Lima who has quit his or her job, also in protest. So I don't think that, first, that environmental study has been demonstrated.

Second, I believe that besides the potential environmental hazards, you also have this great, demonstrated and evident political problem of using spike anyway.

There has been a recent experiment on the outskirts of Santa Lucia, if I am correct, in which something like 25 acres were sprayed and there was an almost immediate outcry. There was, more or less, at that time, an attack on the police garrison in Lu Chisa by a combination of local coca growers and cocaine traffickers and Shining Path guerrillas, in which the garrison was essentially wiped out. And also, perhaps it wasn't directly related, but the Shining Path press made it look as if it was somehow related.

So you have there a preview, or an idea, of what could happen if you begin to proceed in such an intensified way. And I think that it would be as politically disastrous and as morally wrong, considering the circumstances in Peru now. I think that the only reason that the Peruvian government is now agreeing, to some extent, to this is because they are, politically speaking, very, very weak. The Peruvian government wants to grasp at any straw in order to be able to survive until next year's elections. I believe, even if there was a government that existed in Peru, that was more authoritative and more powerful, that they would not have placed themselves in that type of predicament.

*Discussion of the Use of Herbicides*

Mr. SKOL. Let me just cite the catch-22 that's involved, that has been involved for the last year in terms of testing of herbicides. Some environmentalists in this country say you can't use it to test because it hasn't proven environmentally safe. And the argument on the other side is you've got to test it to demonstrate whether or not it is environmentally safe. The fact is that now that it has been tested in a very small plot in Peru, we will be able to see if it's environmentally safe. Previous tests in other areas, excluding Peru, indicate that it will be environmentally safe, and when compared to what coca does to the environment of that area, it's a boon to the economy.

So you can't say it's not environmentally safe. It's being tested. And if it's demonstrated that it will be environmentally safe, then you go to the next step, which is to use it on a mass basis.

I agree that there will be political problems. But there are going to be political problems no matter what you do against this combine of coca and cocaine production. You can't find—whether it's interdiction or military action or eradication or crop substitution or economic development—a way that's not going to hurt the traffickers. If you find a way that's going to attack narcotics production, but is not going to hurt the traffickers, then you have yet to find a policy.

Sure it's going to hurt them. Sure it's going to create economic and political dislocations. And those dislocations are something that we have to deal with. But don't get into a catch-22 in which

you say you can't do it because we are going to have resistance. Of course you're going to have resistance.

Mr. GORRITI. You have to make a difference between the social ways of the hundreds of thousands of coca farmers and the social ways of the cocaine traffickers, which are fewer. And I think that any policy that essentially has an impact on these hundreds of thousands of coca farmers is wrong-headed.

Mr. SKOL. What are you saying? If you eliminate the labs, if you eliminate the cocaine traffic, then you're eliminating their livelihood just as well. You're going to hurt them no matter what you do. If you cut out cocaine hydrochloride trafficking to the United States—and that's the goal—if it's stopped, whether by reducing demand in the States or arresting everybody who's ever used crack in the States, or extraditing the leaders or eradicating the coca, no matter what you do, you're eventually going to cut off every link in the chain. So you can't say don't hurt the poor peasants because they are not at fault, they are innocent, they've got to make their money. If you get rid of the trafficking at any point you're going to hurt the peasants.

Mr. GORRITI. Well, it is not an ethical question; it is a political question. I believe that everybody who is against cocaine trafficking agrees that you have to hurt the trafficking itself. Since it is essentially an economic problem rather than a police one, you have to drive the prices down, especially in that area, to try to make that unprofitable.

But from a political point of view, one thing is to attack a rather reduced group of traffickers, who are too powerful to reach and who pose a threat to these countries. Another thing is to attack hundreds of thousands of people who are territorially integrated and who can be the breeding ground for massive recruitment for rebel organizations, as is the case in Peru. And that is exactly what the current U.S. strategy is accomplishing.

Mr. SKOL. But wherever you start, you want to end up with the same result; these people will not have a profitable business growing coca in whatever valley you're dealing with.

Mr. MARTSH. Basically the traffickers themselves are impacting negatively on the environment. They are causing the growth of additional cultivation and they are using strip and burn techniques. The precursor chemicals being used and the contamination of rivers and streams occurring in these areas, are not environmentally safe either. So the traffickers are having a negative impact on the environment.

QUESTION. There has been some discussion about the use of the U.S. military in lieu of the use of the DEA agents in a couple of countries. I know the DEA agents were brought down because there was a lack of political will to use the U.S. military a la Blast Furnace. Do you see a change in Bolivia, Peru or Colombia to follow the use of the U.S. military or special forces?

I want to comment on the use of the U.S. military. I will let Mike address it in a broader sense, but from what the DEA has seen—yes, DEA is there and we are working with host governments, because DEA is politically acceptable to our host country governments as an entity that can work with them in a police function—or rather has not seen is a willingness to allow a U.S.

military presence. We have seen a great degree of political sensitivity and sovereignty issues as far as accepting U.S. military presence to do the job.

*Traffickers Develop New Markets in Response to Cocaine Glut*

QUESTION. The price of cocaine, I understand, has gone from $55,000 a kilo in the United States about 10 or 12 years ago to about $17,000 now. Is there a point where it stops being profitable for the traffickers and the farmers? And two, are U.S. efforts to eradicate crops helping to elevate the price, or keep the price up?

Mr. MARTSH. Yes, the price has seen a continual decline because of the world glut; However the current price is closer to $12,000 a kilo in some parts of Miami at this time, not $17,000. I guess the price ranges in the United States, depending on the area, between $12,000 and $28,000 per kilo, depending on what part of the country you are in.

However, the traffickers realize that they are not gaining the profits here in the United States and are now going to other countries. We have seen evidence of their penetration into Australia and into different cities in Europe. In these places they are getting $45,000 to $60,000 a kilo. So they are expanding the total demand, so to speak, by developing newer markets.

*Drug Trafficking has had Profound Affects on Political Systems in Central America*

QUESTION. If I can steer the panel away from the Andean region just for a moment, and ask the panelists what they believe the effect of drug trafficking activities in Central America has had on the political systems of the various countries.

Professor MAINGOT. I can say, for instance in Costa Rica, one of the hottest items is the involvement of certain American farmers with supposed CIA links in funding money to the Contras but who also use their farms for transshipment of drugs. [And John Hull, being a man who is in the newspapers constantly in Costa Rica.] In the case of Honduras, the discussion of the degree—not whether, but the degree of involvement of the Honduran military in the drug trade is a major factor in political discussions. Also in Guatemala today, there is increasing discussion of the penetration of Mexican traffickers into Guatemala, as they keep shifting bases. Let's not even talk about Panama, where the government is a criminal operation. It's not a government, it's a criminal Mafia.

Consider Salvador also. In Salvador, the corruption of the Christian Democratic Party was a major part of their defeat in the elections, vis a vis Arena.

So wherever in Central America you go, just like the Caribbean, the discussion as to the degree of drug corruption is an integral part of the narcotics issue. And that's why I must be perfectly honest with you, when I come to these panels and I keep hearing questions about eradication of drugs and whatnot, I would refer you to a concluding essay by Bruce Bagley. Bagley points out, in the issue of the Journal of Inter American Studies, look, you eradicate it in one area, it grows up in another. Let's get off this issue of production, let's get into other elements of the drug trade. But somehow we get stuck continually, eradicating, and substituting

crops, even though all the evidence indicates that this not where any solutions lie.

So I would really urge that we should get into some other discussions. If you have a finite amount of money to deal with it, which is what Gustavo was saying—a small amount of money, where can that money be best applied? What is the most effective attack? You can't take on a whole economy with $5 million. Well, can you take on any part of it? And I think to broaden the parameters of discussion would be a fundamental part to the discussion.

Mr. MARTSH. We are seeing that what the traffickers are doing, especially the wealthiest organizations that have gained massive profits; infiltrating and getting into legitimate businesses in most of the transit countries. This penetration gives them a foothold in the country, and from there we have seen that it's an easy step for them to be able to corrupt the public institutions and law enforcement. And to this end, they are having an impact in all those countries.

*Traditional Production of Coca is not the Problem*

QUESTION. I don't have a question; I have a comment that I invite a response to from the panel. I have to take exception to a remark that Mr. Skol has stated a few minutes ago, in which he made the contention that the Andean farmers knew that growing coca was immoral. The history of the Andean farmer confirms them as descendants from the Andean Indians who used the coca plant in religious, social and medicinal ways. And I don't believe that they think it is immoral.

Mr. SKOL. I didn't say that. I said that although they don't consider it immoral, there is a realization that on a national level it's illegal. That's what I said.

QUESTION. The psychological problem that you run into in trying to eliminate the growth of coca, it seems to me, is almost impossible to overcome.

Mr. SKOL. It's not impossible, because the vast majority of peasants—or anyone—who grow coca in the Andes are not traditional growers of coca and have not been growing it for years—

QUESTION. Not as a crop, but for personal use.

Mr. SKOL. No, that's not even true. The very substantial majority of people who actually grow the stuff, certainly in the Llanos, in the Upper Huallaga Valley, and in the Chapare are not growing coca in traditional areas at all. Coca for personal consumption has never been grown in the Chapare, or in Bolivia. It's the Yungas which is the traditional growing area, where it's still legal.

Professor CRAIG. There are two totally different areas. You have domestic consumption and traditional usage, but that is a very, very minimal part of the total problem. That can be taken care of with ease. The Chapare never grew coca at all. And I think you find this pattern in three or four South American countries. It's not a question of traditional usage at all; it's a question of enormous expansion in areas where they are growing coca that is frowned upon and put down completely for chewing. It's not any good. It's not the prime stuff to chew; it's the prime stuff to make paste out of.

*Institution Building in Latin America as a Long-Term Approach to Solving the International Drug Problem*

Professor BAGLEY. I have a comment. What I've heard so far is really improperly focused. Dr. Maingot alluded to this problem earlier. The critical issues here, in terms of source countries, are economic growth and institutional capacity. State penetration and control over the national territory cannot be assumed. If we are going to discuss seriously this subject, we have to explore how the United States can constructively address the issue of growth and institution building in Latin American countries involved in the drug trade. We are not talking about field experiments or theological processes, we are talking about how you can improve the justice system and how you can provide public service and transportation routes in the plains and in the valleys of Colombia. Without functions, or institutions, the infusions of economic resources, whether provided by the united States, U.N. or anybody else, will be ineffective.

The bottom line has to be a combined approach, which looks at both demand and supply simultaneously—which we have not done here. We must address the problem of economic development within the context of the institutional capacity in each of these countries.

Mr. GORRITI. I think that you have to, Bruce, define what your idea of institution building is. Because as you know, for instance, in Peru we have—especially since the '70's-too much institution building, which has the form of a growth of the bureaucratic apparatus that in practice does not really work. And I think that when you get that kind of inflation, of growth of the state without a corresponding substance to it, then you can at some point multiply the problem.

But I think, in that case—and I would really like to confine these comments to the case of Peru—I think that if you want to do something you have to have a strategy that approaches the problem as a whole. You have to strengthen in a very important and substantial way, but in a short period, the legal economy. You have to have a program of regional development also. You must almost cease, during several years, police and eradication actions, because you want to win back those populations to the state. And at the same time you have to conduct, at the local level, and at the national level, strong interdiction actions against the international traffic between Peru and Colombia.

Ideally, working with the market—and I think that is the other problem—you should try to think of the cocaine problem more in economic terms. If interdiction at the national level becomes successful and you are able to drive prices down, then alternative crop substitution, which should be promoted in a very intensive way, could aspire to better success.

Mr. LEE. Bruce, I agree with your comment 100 percent. I think we can do a great deal more to help these countries than we have.

I do want to say that even though we can help a government to penetrate its territories and to establish its control in some of these outlying regions where coca is grown and cocaine is produced, this will not necessarily have an immediate impact on our drug prob-

lem. For one thing, we still have the problem of what to do about all these peasants that are cultivating coca; and what to do with them if we spray all their crops and take care of the problem that way?

The other problem, of course, is corruption. You can extend government institutions to a particular area, but the traffickers, with their enormous financial resources, still have the power to manipulate and to corrupt these officials that are out there. And you can find trafficking operations in the middle of Medellin just as you can find them out in the Llanos somewhere, far away from the metropolitan areas.

Mr. MARTSH. I also agree with you, Dr. Bagley. I think what we are seeing now is that narcotics traffickers are the only ones that are gaining in strength and power. The resources available to combat them are weakened institutions. And basically, the traffickers continue to corrupt these institutions. And as a consequence, even if we successfully arrest a trafficker or the head of a cartel in Latin America, it does not guarantee that he will, number one, be successfully prosecuted or number two, that he will ever be incarcerated. This is true because, if they do not corrupt the police themselves, they still target the prosecutors, the judges, and the jailers themselves. So many of these people that have gone through the whole process and have been convicted and sentenced end up walking away from prison after they pay off the authorities in the prison.

So yes, there is a need for institution building in Latin America, I would agree wholeheartedly.

*Role Of U.S. Military in War On Drugs*

QUESTION. I am intrigued by this exchange that Professor Bagley triggered about institution building and so on. What I hear is that really we do have a national security problem in at least three countries in South America. Does this mean that South America militaries are going to get more and more involved in anti-narcotics activities? The question I'd like to ask the panel is if these militaries are going to be more involved, is there a role for the U.S. military at some point—maybe not today, but in three or four or five years—for them to assist local militaries in fighting the narcotics problem? I would just ask you to think about that and comment accordingly. Right now, I hear that the political will isn't there in South America, but I'm wondering if you see something changing in the future, and what the appropriate role might be.

Professor MAINGOT. Well, I'm very surprised to hear that the U.S. military is not involved, because my information is that they are involved. They are involved in Peru. Certainly—I mean, this is my information, directly from the military—they are involved in Colombia. I'm amazed to hear that the U.S. military is not involved. Maybe some of the other panelists know better than I do.

Mr. GORRITI. Well, no, in Peru they are not involved, not directly. There is a military presence in the Upper Huallaga essentially to fight against the Shining Path.

Mr. SKOL. Not U.S. military.

Mr. GORRITI. No, Peruvian military, of course. That is not the case of Colombia, which is different. In Colombia, they are involved to some extent.

I personally wouldn't hope to see military involvement of the United States in my country or in Bolivia; I think that would be very counterproductive. And if our military gets involved at any point I would hope that it is essentially the kind of interdiction actions that I was talking about, and not the kind of actions that are being conducted, because I think this kind of police action will be very much a detriment to them.

Mr. SKOL. The issue of militaries; Peruvian, Bolivian, Colombian and our military, is one that's being studied very intensively right now. Although I agree that there are different models, for example, as to how you see the guerrillas intersecting with narcotics traffickers, the fact is that in such places as Colombia and in the Upper Huallaga Valley of Peru, de facto when a government looks at the situation they see two enemies: the narcotics traffickers and the guerrillas. And even if the two are not ideologically alike, even if they are not formally allied—they usually are not—they are both fighting the government and the government with depleted resources, has a lowered ability to fight against them. Furthermore, there is a lower ability, traditionally, for it's militaries that fight guerrillas, and it's police that fight narcotics trafficking. For example, in the Upper Huallaga Valley the Peruvian military have to attack the labs themselves, but if the valley becomes more secure and more in the hands of the Peruvian government, the result of military it's obviously going to help the civil guard and the police to attack narcotics traffickers.

In Colombia it's a different situation because the police, are part of the same Defense Ministry as the armed forces, and with some military assistance from the U.S., have committed themselves. That's another way that we can be involved militarily without having active duty U.S. armed forces in the country. This is the "Colombian Model." We don't have U.S. military on active duty as such operating in Colombia—but we have some military assistance which has proven remarkably useful in leveraging the direction of the Colombian army and air force against narcotics targets. And when they also attack the FARC, that happens to be guarding narcotics labs, that helps the police hit the lab.

So there is a role, but it depends on what you mean by military involvement. The specter of the U.S. Army, physically, in other countries on the attack, would produce very substantive resistance. It's the political culture, the facts of life of these countries.

But there are other ways of going about it, including helping their military do their military operations, their police doing their police operations, their justice ministries doing their justice, rather than having more and more of our people in these countries.

Mr. MARTSH. I think there is also a reluctance that has been expressed by many Latin governments to involve their military in the combat of narcotics trafficking, what they perceive as a law enforcement problem. I think a lot of that stems from what they have seen as far as the corruption of their public institutions already and their law enforcement officials. They have a fear of getting their military corrupted also, or involved in that battle.

PARTICIPANT. I have a comment. I think as a general proposition you can say that the more closely an institution is involved in fighting drugs, the more likely an institution is to be corrupted. So I have great reservations about throwing the military into the battle as an attraction with the thought that if you just use a bigger hammer it will have more effect. But the practical matter is that you risk, then, losing control over the military itself. Institution building is important, but using these institutions against drugs, risks loss of control over your institutions of law and order. I think what we are talking about is that we do have substantial problems we are trying to deal with on a financial basis. And the notion that the U.S. needs to do more puts us in a position of proposing things, like using military or herbicides or extradition, that are seen as infringements upon the sovereignty of these nations.

So what I would suggest is that we need to create a new ethos. It's not the demand nation or the supplier nation, but a common problem that needs to be dealt with on a regional level. And I would suggest empowering the O.A.S. or some other regional body—but I think the O A.S. is perhaps the appropriate one—with the resources to help these countries; whether it's a swat team or an assault team they can call on; whether it's a court justice that they could use to extradite people to avoid the sovereignty issue, while providing the sources that they can call upon. If it's a quasi term of military force, or a military force of some sort, based at the bulkhead on an international level, it's not going to be susceptible to the kinds of corruption that you find in these institutions internal to the countries.

So this would be at least a proposition I'd put forward for your consideration.

Professor MAINGOT. One hears this, but I don't understand the logic of it. You've got a military force. You declare a national emergency because your national institutions—take the case of Colombia—are threatened. What are you going to do, just keep them at Quatra Laros. I don't understand. Is the danger of them being corrupted enough to keep them out of the battle? They are there for the battle. I don't understand. Do we extend that to the judicial system and say let's not get the judiciary involved because they might be corrupted? Where do we stop the issue of institutions getting involved because they might be corrupted?

Mr. SKOL. I'd like to add one comment. I agree with Tony on that point very much. But also, don't underestimate the sovereignty resistance to a multi-lateral force. Bolivia might no more want to be "invaded" by a multi-lateral force than by Chile or Peru.

Mr. PERL. I think this is a good note to end on here. It's not an end, I remind you, it's a pause. We have a dynamic panel at 1:30 on narcotics trafficking and regional development: alternative strategies and options. And we look forward to your participation throughout the course of the day.

Thank you.

## AFTERNOON SESSION

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## NARCOTICS TRAFFICKING AND REGIONAL DEVELOPMENT: ALTERNATIVES, STRATEGIES, AND OPTIONS

### Panelist Presentations and Overview of Issues

Mr. AHEARN. I want to welcome everyone to this afternoon's session of our seminar entitled "Drugs and Latin America: Economic and Political Impact and U.S. Policy Options."

This afternoon we will be turning to policy options. What to do about the problem of drugs in Latin America? I have the sense from this morning's discussion that we're doomed if we succeed in reducing the supply and we're doomed if we fail. Now that may have been an erroneous impression, and I welcome this afternoon's panelists to correct me if I'm wrong.

Our first panelist for this afternoon's session is Bruce Bagley, who is currently at the University of Miami. He is an Associate Professor there. Previously he was with Johns Hopkins University School of Advanced International Studies for about 10 years. He moved down to Miami a year ago and he told me over lunch he's enjoying it very much. Bruce has written extensively on the issues we'll be dealing with. For a sampling of some of his writings in his four, five, six-page resume, I noted "Colombia and the War on Drugs", which was published in *Foreign Affairs* in the fall of 1988. He has written on U.S. national security issues and the war on drugs as well as one other article which I wanted to note, "Mexico and the drug problems in Mexico." It's a country to which we really gave scant attention this morning.

Our second panelist is Dan Chaij. Mr. Chaij is currently senior development coordination advisor to the Assistant Secretary of State for International Narcotics matters. His job entails long-range planning and the development of a strategy of economic development that will, as he says, definitively help eradicate narcotics crops. Mr. Chaij has served as mission director of the AID Mission to Costa Rica, in his distinguished 20-year career, in the Department of State.

Our third panelist is Professor Richard Craig. Dr. Craig is currently at Kent State University. He has been there since the early 1970s and has written as extensively as Dr. Bagley has on the issues that we'll be discussing. Some of his articles include, the international control of narcotics and dangerous drugs and Mexico's anti-drug campaign, as well as a number of policy-related articles. One dealt with the effects of foreign aid sanctions on narcotics trafficking.

Our fourth panelist is Mr. Miguel Urrutia. Mr. Urrutia is currently the manager of the Department of Economic and Social Development at the Inter-American Development Bank here in Washington. In that capacity, he is in charge of analyzing the economic development prospects and needs of all countries in the region. Previously Mr. Urrutia served as Minister of Energy and Planning in Colombia and also as a researcher and university professor.

Our final panelist is Ambassador Ed Corr. Ambassador Corr has served in his distinguished career in six trafficking countries. He has served as deputy Assistant Secretary of State for International Narcotics Affairs, and as our ambassador to Peru, Bolivia, and El Salvador. Currently Ambassador Corr is serving as the Diplomat in Residence at the University of Oklahoma.

I'll end here, except for a few words about the format. Similar to this morning's session, it is structured to allow maximum time for questions, answers, and discussion. I'll ask the panelists to limit their remarks to approximately 13–15 minutes. Each panelist will comment on two issues—what policies or legislative initiatives may be effective in inducing Latin American economies off the drug trade; also the economic and political costs and trade-offs of such policies for the United States and Latin American countries. I would also ask each panelist to think about another question, which came up in this morning's session, and that is: in a world in which resources are finite, in a world in which our budget is constrained in terms of expenditures, how would they allocate resources to fight drugs in terms of supply and demand. What is the relative balance that they would advocate? Should we put more of our resources into limiting the supply or should we put more of our resources into limiting demand? After all the panelists have presented their views on these issues, they will then have the opportunity to respond to the remarks of their colleagues. We will then take a 10-minute break followed by opening the floor to everyone for discussion and questions.

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### REMARKS OF BRUCE M. BAGLEY, ASSOCIATE PROFESSOR, GRADUATE SCHOOL OF INTERNATIONAL STUDIES, UNIVERSITY OF MIAMI

Professor BAGLEY. I find it a daunting task to attempt to summarize my discussion of these issues in 13–15 minutes. I will do my best, but I'm afraid that my remarks are going to be quite cryptic in a number of areas.

I begin with the premise that the supply side strategy, that the United States pursued throughout the 1980s, under the Reagan administration, has been an abysmal failure. In 1989, we have more drugs that are more readily available at cheaper prices than there were at the outset of the Reagan administration. We do not have to look beyond the drug crisis in Washington, D.C., to confirm this failure. What should be done? I believe that the supply side approach derived from an inadequate framework: The realist paradigm. The first step should be to recognize the interdependence inherent in the hemispheric drug trade; it involves sides that should be addressed simultaneously. Unilateral pressures and sanctions on source countries alone will never "solve" the problem.

I also think it is foolish to argue that national security is directly threatened by the drug trade. We have a crime problem in the United States. We have a public health problem. We have a drug abuse problem; perhaps a social crisis. But the major institutions of the U.S. government are not threatened despite the violence in the streets of Washington, D.C. In fact, if there is a national security crisis involved, it is a national security crisis in Latin America. Colombia and Peru, for example, have national security crises deriving in part from drug trafficking. Their institutions are seriously threatened, not ours.

*Solving the Problem Requires a Multilateral Approach to Institution Building Coupled with Economic Alternatives for Growers*

If one accepts the interdependence perspective, there are two general strategic recommendations that blow from it. The first is the need to develop a coordinated, *multilateral approach* to international drug trafficking. This will replace the ineffectual unilateral or bilateral pressure tactics which have typified the realist supply side strategies of the 1980s. There are several examples. The extradition issue provides a perfect example of how we must multilateralize this problem. The creation of an inter-American institution capable of supporting individual countries and their efforts to extradite drug criminals, with prosecution in inter-American courts, would be an important step forward. It would require the United States to yield up the same degree of sovereignty that Colombia, Peru, Bolivia, and other countries would be expected to yield up. That is, we would have to extradite U.S. criminals who operated in these countries, just as we expect them to do. The control of money laundering, a critical phase, in the drug trade would also be an effort. Money laundering activities occur in variety of different countries and move easily from one country to another: From Panama to the Caiman Islands to South Florida, and so on. We must develop multilateral mechanisms that can effectively coordinate law enforcement strategies to prevent the relocation of money laundering operations once contained in a given country. It is also important to note that multilateralization should not be limited to the United States and Latin America. There is a growing drug trade in Europe: Over 50 metric tons of cocaine were exported to Europe in 1988. The price in Europe for a kilo of cocaine is well above $50,000. The price in Florida is below $10,000 now. The united States cannot pursue U.S.-centric policies and be effective. We must involve the Europeans; otherwise, the drug trade will seek out fertile tension in Europe and continue to thrive no matter how successful the war against drugs might be in the America's.

A corollary to the multilateralization tactics is that we must take into account the relative weakness of the state apparatus in Latin America and the fundamental importance of *institution building.* Though institution building has had a bad name from the Alliance for Progress era in Latin America, viable states are essential to the implementation of U.S. Policy. Until we have states that effectively penetrate and control national territory and that can provide public services and infrastructure, drug traffickers, guerrillas, and paramilitary bands will fill the vacuum. How do we go about it? There are a number of options. For example, the Colombian judi-

cial system is under siege; judge protection programs should be developed. Modernization of their capacities, via the provision of computers and other technology, might also be helpful.

Within this, I do not want to downplay what I consider a delicate, but nonetheless important issue. When I talk about institution-building, I am talking primarily about civilian institutions. I think it's critical that civilian institutions, in a number of Latin American states, begin to address the problems of their citizenry, provide social services and economic infrastructure. The important role of the military and the police cannot be ignored, but it has had a kind of improper focus—I think that frustration has led us increasingly to believe; well, the civilians can't do it so let's push the military into it. This has occurred both in the United States and in Latin America. One of the major dangers is of course, upsetting the civilian-military balance. I think we should be extremely concerned about that. I think that one of the areas that would be important—to the extent that it's possible, should be pursued by the United States—is the separation of the military from police functions. Rather than blending these functions together, (as we are trying to do with modifications of the Posse Comitatus act here in the United States) we should attempt to institutionalize both the police and military functions as separate entities subordinate to civilian authorities. We should not establish channels of communication, military-to-military, in order to avoid the messy process of dealing with civilian politicians. Institution building clearly goes well beyond that. Once again, my Colombian example is useful. The United States has failed to support one of the best plans that has come forward in Colombia: The economic zones of rehabilitation where guerrillas and narcotics traffickers operate virtually unchecked. The United States, the Europeans, and the multilateral lending institutions should be more forthcoming in its development support of this effort to broaden state control through economics because it is going to cost money. We can wring our hands, talk about Gramm-Rudman, and this problem will be with us over the 1990s and well into the next millennia, if that's the attitude we take.

It is inevitable that we must begin to address this problem with the resources necessary and with the sensitivity and awareness that pushing simply the military out in front and distorting the balance between civil and military relations is not the way to go. But, nonetheless, the police and military have a role here, as does the judicial branch, and as do many of the other critical institutions within the Latin American states.

In order to generate the will and economic wherewithal to get this institution building process under way, which should be a multilateral not a bilateral effort, alternative economic opportunities for the hundreds of thousands of Latin Americans that are reliant upon the drug industry are indispensable. I heard this morning some discussion that we can't link these; that we don't want to get into the process of supporting immoral activities and paying them off. Consider that in the World War II context, the Germans were involved in the marshall plan. All of the Latin American countries involved in the drug trade will require economic alternatives. There is not a direct linkage between debt and drugs. Debt reduc-

tion in and of itself, as put forward in the Brady Plan, will not revive the Latin American economies. Rather than 20 percent, many Latin American countries will require a 50 percent debt reduction to get their economies started once again. The debt overhang, the great Latin American depression, must be addressed in a multilateral way in order to provide viable economic alternatives for the increasingly drug-dependent economies of the Andean region.

*The Certification Process should be Ended*

Let me say a couple of other things about this process. In this context of multilateralization, one of my principal recommendations is that the process of decertification be abandoned altogether. It is the most negative, most destructive process that the United States has devised for insuring cooperation from the nations of Latin America in the drug war. It's in fact exactly the reverse of what we should be doing on a bilateral basis. Rather than decertifying countries, as U.S. aid recipients we should offer positive economic incentives for countries to cooperate with U.S. drug policy and reward them based on their degree of cooperation. Bilateral negotiations are fundamental to this process. Decertification is a politicized process and does not work. I think we should move in the opposite direction.

*Need for Focus on the Demand Side*

In the time remaining I want to focus on the demand side of the drug equation. It is nonsensical to continue the Reagan administration supply-side strategy and its pattern of resource allocation (75 on supply, 25 on demand). Peter Reuter has demonstrated that the interdiction efforts are inherently incapable of halting the flow of drugs. We must simultaneously move on the demand side. How can we do this? We don't really know because we haven't yet afforded policy priority to demand issues. Four basic approaches have been identified.

The first approach is a *scientific war on drugs.* I don't think there's a silver bullet where we're suddenly going to find a drug that cannot be abused that gives an equal high, while somehow weans people away from heroin and cocaine and other illegal drugs. If that's what we mean by a scientific war on drugs, I think it's nonsense. But I do believe that we can spend a lot more time examining exactly what the roots of addiction are, what the various complexities are and how we can best treat addictions; something that we have not done. The Congressional Research Service published a paper 2 years ago that summarized very effectively the limited states of our knowledge and proposed some promising areas for fruitful research on demand issues. We have not spend enough money on that. If we're serious about reducing demand, we need to gain an understanding of why it exists in our society and how we can treat it.

A second approach is *legalization and decriminalization.* It would eliminate the huge profits generated by contraband drugs and diffuse force in the drug trade. It would also reduce violent crime and the cost of enforcement; thereby freeing resources to deal with the public health problem created by drug abuse. Some

forms of decriminalization and legalization should be seriously contemplated as a cost-effective, humane solution to the drug problem; but political realism dictates that it's not going to happen very soon. So neither the scientific war on drugs nor legalization/decriminalization promised any immediate relief.

The two final approaches confront demand at the "war" level and policy debates in Congress: The *education/rehabilitation* track and the *criminalization/penalization* track. Unfortunately from my perspective, the latter approach is favored by the Bush administration. Bill Bennett talks about how many new prisons we should build, and how we can enforce law enforcement—It's going to take big bucks. Nobody seems to blanch at the big bucks thrown at criminalization/penalization activities. In the short run, the neglect of education/rehabilitation alternatives will increase rather than decrease violence. I think that we should definitely begin to address the public health dimension of this problem. We should deal with drug abuse as a social phenomena rather than simply as a criminal phenomena, and we should place a great deal more emphasis on education, prevention, treatment, and rehabilitation.

Unless we dramatically revamp our drug policy, 10 years from now we will be discussing these same issues. If U.S. policy does not change in America, civilian governments will be toppled by drug syndicates or military forces. Thank you.

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**DANIEL CHAIJ, NARCOTICS SPECIALIST, BUREAU OF INTERNATIONAL NARCOTICS MATTERS, DEPARTMENT OF STATE**

Mr. CHAIJ. Bruce gave a good introduction to my remarks because what I am about to say, I think, departs substantially from the orthodox activities or policy that the U.S. government has pursued on the supply side in the past 10 or 12 years. To shorten the message that I want to get across to you, maybe you can follow the skeleton or the outline of some of the background that I think it's important for us to focus upon before we can address the issues at hand.

*"Crops of Seduction" have no Economic Alternative*

I think that if we first take a look at the lessons learned—and I have the dubious honor of having been the author of the "Crops of Seduction", the first Crops of Seduction project being in Bolivia back in the early mid-70s—I think that one thing I can categorically say is that crops of seduction as an economic constant does not work. Coca does not have any economic alternative in any agricultural crop as such. And, once coca is in the ground, as the farmer sees his economic costs, coca doesn't cost him anything. As you know, they don't quantify the value of farm labor; they don't do many things in a true accounting manner, and so coca doesn't cost anything to them. Alternative crops can contribute the replacement income, but they're of very limited value if we think that they're going to eradicate coca fast enough or in any meaningful manner. As said this morning, for every hectare of coca eradicated, there are probably ten or more hectares planted just last year alone. That is not the way we're going to make it. Broad-based integrated rural development schemes are very costly. They require

long-term commitment. They need to be done in reasonably well-endowed areas. And, if you go see the Chapare or Upper Huallaga Valley, those areas, for the most part, should be reforested and people should go do farming elsewhere—at least from an agronomic perspective. The soils are not that good, and there are many other disincentives. Just their location alone is a daunting challenge to anyone wanting to make it a rational economic enterprise. Agricultural projects, as many of us have at one point or another supported as development activities, have always lacked a marketing component. This has really brought into sharp focus the fact that that campesino, that farmer, has to have some place to sell his product. Right now you can grow watermelons or bananas in the Chapare in Bolivia and two truckloads of the product will saturate the market. Thus, you can't find easy solutions when one hears the term "Crops of Seduction" very loosely used as a solution.

*Political Will Must Change*

I also think that we have learned that there have been well-intentioned projects where the people have said, "well, if you are a coca farmer, you cannot participate in this project." That's what I call a denial of assistance. That is also wrong. If we deny assistance to anybody in the coca-growing area where we have farmers normally, we are driving them into the arms of Sendero Luminoso or into being just anti-American. But, we're also undercutting anything that we want to do on the positive side in that area, and in that region, and alienating the leadership.

So that takes us down to the next level, which is political will. And political will, pragmatically speaking, I would define as getting governments to do something they don't want to do. And some of us may be able to be more persuasive than others in making that happen. But, the reality from a very practical point of view, is to recognize that we, and I mean we in a very global sense—I'll define it later—have to come up with the resources that will convince the producing countries, more specifically, the governments of the producing countries, that they can take the political heat that will inevitably come from any enforcement action against narcotics. Now how much will that cost? That can be a subject of a totally separate discussion.

*Need for Multilateral Approach*

That brings us down to the choice of either going bilaterally or multilaterally. I would like to show you the next view-graph to just show some of the problems we have encountered bilaterally. You have some advantages, but frankly they are very few. The advantages of a bilateral program, at least in the short run, is that it is easier to mount a bilateral program. They are also easier to control. You can fine tune closely to the objectives of U.S. politics, but the disadvantages are sometimes overwhelming. They begin with the political exposure of the risks we face, by often clashing in fact with other U.S. foreign policy objectives. We foster anti-American backlash, and we have constraints. We have some real constraints, both in law and policy. We also have a lack of adequate resources, and I insert the word "financial" resources, because let's face it, I could characterize the U.S. approach to economic assistance in nar-

cotics-growing countries up to now as something like quibble, nibble, and dribble. And that's not going to get us anywhere. We have to realize that this is going to take a major funding effort and which will also speak against bilateral approaches.

I have talked personally with a lot of representatives from potential donors, like the European Economic Community in Brussels, some of the governments of Europe, the U.K., and the Federal Republic of Germany, Italy, Japan, Canada. What we need is to frankly decide upon a multilateral approach to coca reduction or narcotics control—label it as you wish. Now this multilateral approach can take the shape of a very informal consultative group-a donor group, or it can be formalized. But the fact remains that we need multilateralize it, not only for very strong political reasons, but also because the problem is a global one. It's no longer just an American problem as one used to hear. It is also a problem where resources are required in magnitudes of the capability of any one consuming nation. I think the financial requirements are medium-termed—maybe a 5-year effort, and maybe several billion dollars worth of inputs are needed to begin to address the situation seriously.

We should begin to think of the multilateral effort in different perspectives than we have up to now. Narcotics control is not synonymous at all with development objectives and I propose to look at this at the macro-level. We should seek a multilateral conduit that will affect economic or resource transfers to the producing countries' central banks. Now you have three existing conduits: UNFDAC, the United Nations fund for drug abuse control, the OAS, and the Andean Development Corporation, which is part of the Andean Pact organization—an organization that was formed by the five Andean nations, and which has a small development bank; it's a highly effective, efficient, operating institution. One such channel, if you want to use an existing one, could be to make resource transfers to the central banks. What level of transfer? Again that should be quantified carefully in relation to, not only the political costs of trying to effect coca reduction, but also recognizing the dislocation that the economies of the producing countries are going to suffer if we are successful. Therefore, we need to recognize the very sizeable flow of foreign exchange that the narcotraffic is now producing that the central banks of either Colombia, Peru, or Bolivia are ultimately receiving. And, if success is achieved, there will be a dislocation even in a country with a diversified economy such as Colombia, though much less than either Peru or Bolivia. The macro-level cash transfers will produce local currency which can go into a place like Peru—it could have a very salutary effect if it went to monetary reserves to dampen inflation. But we must recognize that it is that local currency that could be generated to fund activities at the local level that will indeed help make the transition possible from being a coca-producer to being, say, a legitimate crop farmer or an industrial worker or some other type of enterprise. I have listed just illustratively some of the types of institutions that can be engaged in that type of function, in a very effective manner: the non-governmental organizations, the private, voluntary organizations, cooperatives, associations, trade groups, and labor unions. Instead of being the enemy of what we

are seeking to effect, like in Bolivia and Peru, hopefully labor unions could see the other side of the coin. And then, of course, government agencies. But whatever vehicle you use for local economic activities, a key concept of this issue is that local currencies should not be managed by donors—multilateral or bilateral. It should be something that we leave entirely to the sovereign right and decisionmaking power of the country involved. Why? Because if you get involved, you're undoing the very point of having them decide how to resolve that issue between the government and its people. Thus, we are usurping a right which I think has up to now gotten the donor countries into trouble—not just the U.S., because others have tried it and have failed just as much as we have—in coming up with successes when we try to be the ones determining how to do it. And so this would be a possible model of how to approach coca reduction. If we do it, we should recognize that it is going to be a medium to long-term effort. And, we should recognize that it is going to take substantial levels of funding; that it also should be done by the world community and not seen as only a U.S. Marshall Plan, or any other name you'd like to give it. Thank you.

Mr. AHEARN. Thank you, Mr. Chaij. I detect growing support among our panelists for persuading our friends in Europe and Asia to help us pay for our war on drugs. Professor Craig.

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**RICHARD B. CRAIG, PROFESSOR OF POLITICAL SCIENCE, KENT STATE UNIVERSITY**

Professor CRAIG. I had a couple of great fears coming into this conference. One of them was that other panelists would cover everything I was going to talk about in the morning session. The second was that I would have to follow Bruce Bagley. And now I just ran into the third one. Daniel has just done a superb job. I want to be sure I get a copy of his remarks.

What I want to do is discuss one section of the paper I've written for presentation. I have got some general background information on it in the first part, and it also contains a rather unique list of things that some of you have heard before. It's what I call Latin America's Decertification List. It might be something you would enjoy reading. Oddly enough, an amazing number of these points have come up in discussion already—grounds on which *they* would decertify *us* for what we haven't done. At this juncture, however, I want to talk briefly about some problems and possible solutions.

It is within the context of conventional United States international narcotics policy—the disappointing results from Latin America, multiple reactions to our narco-politics—that we may best address the issue of possible alternative strategies and options. In so doing, we must preface this discussion with three core premises.

First of all, the preeminent goal of U.S. policy, and I think nothing else is even close to this, must be demand reduction.

Secondly, Latin American leaders with external assistance must address the bedrock issues in their own countries of poverty, rural neglect, and maldistribution of income.

Thirdly, our financial myopia must be overcome in this country. If we are indeed serious about attacking the drug abuse problem,

we've got to be prepared to spend far—with a capital F—more money on supply and demand reduction. To lose sight of these verities will render any of the policy options that I'm going to discuss largely dysfunctional.

*The United States Could Set an Example Domestically by Reducing Demand*

Let me begin with two omnibus points. The first is setting an example. Perhaps the most important thing that American policymakers can do to make an impact on hemispheric drug trafficking, is to get their anti-drug abuse act, or house, in order. We could set an example for Latin America and the rest of the world by essentially doing unto ourselves what we demand of other nations. Particularly important, I think, are the problems of demand reduction and program coordination. The question of demand is so obvious it needs no further elaboration. I think the in-country risks contained in demand reduction are virtually nil. On the other hand, any substantial curtailment of American demand, especially if it is coupled with reduced European demand, would have negative economic and employment ramifications in Latin American source countries, particularly Bolivia and Peru. Thank God people are now beginning to tell the truth: drugs are economically critical to these two countries.

*United States Drug Policy Requires Better Coordination*

With respect to program coordination, the second example-setting area, the United States has, thus far, presented the worse kind of model for emulation in Latin America. Here at home our anti-drug program is uncoordinated, both horizontally, where turf battles still rage unchecked, and vertically, where national and subnational government units have seldom worked in concert for any sustained period of time. The situation is only, unfortunately, proportionally better in U.S. embassies abroad where, rhetoric notwithstanding, drugs are still not of top priority, even in some key Latin American source countries.

A third aspect of this coordination problem also manifests itself at home and abroad, which involves a question of unity and leadership. Who, it must be asked, is really in charge of Washington's anti-drug program? Who speaks with ultimate authority? This problem has plagued our relations with key Latin American source and transit nations, particularly during perennial narco-crises that crop up with uncanny regularity. Our relations with Mexico and Colombia, in particular, have been acutely prone to damage during these crises, because no one agency or individual is ultimately responsible for policy; when push comes to shove.

A fourth coordination issue involves nothing more than stats. (I had to get this in for those of us who do research in narcotics.) No one, particularly myself, is calling for anything resembling a fully reliable drug database, but all analysts bemoan the almost total absence of uniform, consistent, and credible statistics from which any reasonable judgments are made about narcotics policy. The problem's scope is enormous, its drawbacks acutely frustrating. Yes, drug production and trafficking are admittedly phenomena that are not easily quantifiable. But in this scientific age, why must

crop figures here and abroad be such a game of guesstimates—calculations that vary so dramatically as to negate rational analysis. Here, as elsewhere, we must admit the obvious: Before we can demand exemplary action from others, we must first set an example worth emulating.

*The President Should Convene a Hemispheric Drug Conference*

The first step in convincing Latin America and the rest of the world how seriously we take the drug problem must be taken by our President. He should, at the earliest possible date, convene a hemispheric drug conference—a kind of regional narco summit, if you will, to launch the development of a coordinated hemispheric anti-drug effort. Symbolism, I think, is critical in terms of this conference. It is the President, not an emissary, who must represent the United States at such a conference. The sole issue at this conference will be drugs; the sole aim the reduction of demand, cultivation, processing, and shipment in the Americas. Despite some potential problems, the benefits of such a conference, would far outweigh the risks. Latin American representatives are surely going to stress the issue of American demand. This is natural. Some of them are also going to use such a conference to trumpet the typical anti-American rhetoric. But I think that the symbolic importance of a Washington initiative will overshadow all other results, and behind closed doors we can accomplish a lot at such a conference.

At this kind of conference the President not only could utilize his position, power, and his symbolism, to unveil new political and economic support policies, but he could also go so far as assuring Latin Americans that henceforth, unilateral U.S. initiatives would take a back seat to cooperative ventures in the field of narco-politics.

All of this is part and parcel of an even greater necessity: the need to convince Latin American leaders that their countries, individually and in the region collectively, are important to Washington—just as important as other nations.

*Certification Procedures Should be Changed*

Central to this cooperative approach would be modification or amendment of the certification requirement. Like other sanctions, decertification simply hasn't worked. Furthermore, the entire procedure has become a sham, and, in the process, added fuel to the fires of anti-Americanism.

Now, given the stake Congress has in this certification process, maybe the best solution would be to grant the President greater flexibility under the law, in the form of something like optional sanctions. At this juncture such a modification would be highly preferable to the current "mandatory" procedure which is anything but mandatory.

*Increased Funding for Anti-Drug Programs is Needed*

On balance, Washington supports anti-drug programs at home and abroad and has been highly parsimonious. Considering the problem's magnitude, it has been, in fact, nothing short of a joke. Unfortunately, drugs are assuredly not a joking matter. It's time, as Ann Wroblesky and others have noted, to establish what amounts to a "superfund" to assist Latin American nations who

move boldly against the drug challenge—particularly those which are economically vulnerable.

The major pitfalls of such a policy is, of course, expense during times of limited resources. But, we can talk about expenses forever. The key question is whether or not we are going to be willing to spend some real money. Once again, we have to face the question of relative importance. If the United States is serious about curtailing cultivation and shipment of drugs, then it must be prepared to pay the price.

*Drugs for Debt Swaps Should be Examined*

In conjunction with such a fund, the issue of Latin America's staggering debt offers fertile grounds for some kind of innovative initiative. Let's face it, there must be some swaps out there. There are ways to devise drugs-for-debt swaps. There are means of securing loans for cooperative states and other avenues available to financially assist such key source and transit countries as Mexico, Bolivia, and Peru. At this stage, none of them can foot this bill on their own. Mexico perhaps, but that's stretching it quite a bit.

*Multinational Burden-Sharing Should be Explored*

In this regard it's imperative that we get Western Europe and Japan into the equation. They've got to become major actors along with ourselves. It's quite obvious that Europe is the Medellin group's new frontier. Its market potential for cocaine is enormous. Yet outside this support for international agencies, the Europeans have been given a free ride. It's a lot like NATO, and it's time they begin to contribute their fair share to support anti-drug programs in Latin America.

*Market Preference Schemes Should be Considered*

Serious thought should also be given to market preference schemes, to the guaranteeing of market shares for legitimate crops produced on lands that once grew coca, opium poppies, and marijuana. In regards to opium, we haven't talked much about Mexico but let's not forget that it is also in Latin America. Resistance from U.S. growers who now dominate such markets is assured. But there are solutions to this dilemma. Things can be worked out. Maybe the examples of Caribbean sugar and Colombian cut flowers provide grounds for some optimism here.

*Crop Buyouts Should be Considered*

The possibility of selective crop buyouts (although it sounds a bit bizarre) in conjunction with incremental crop eradication, substitution, and concerted action against processing labs, must also be explored. Bolivia offers the best possibility in this regard. In fact, there's no other politically feasible alternative for Bolivia at this particular juncture, because its political and economic climates are so precarious. The primary objection to crop buyouts, on an incremental basis, is moral in nature. Why pay farmers to grow an illicit product? But again Bruce Bagley's example of the Germans after the war is a perfect counter argument. While crop substitution has thus far proven no panacea, and that's putting it mildly, I don't

think at this date we can give up on it, particularly in conjunction with other options.

*U.S. Agricultural Surpluses Could Help Feed Latin Farmers*

Another alternative, which hasn't been mentioned, is the use of our agricultural surpluses to help feed farmers in those Latin American countries who prove more operative with our anti-drug programs. Most of you realize that much of Latin America has become a heavy grain importer in the last couple of years. In fact, some of the examples I've heard, even today, are more astounding than I thought—for example, the buying of leche alfa in Bolivia that originated in Chile because the Bolivians no longer produce milk. Surely there is something we can do with our agricultural surpluses to help out in this area.

*Educating The Latin American Public About Drugs Deserves Intensified Efforts*

We also need to do a lot more—an awful lot more—in educating the Latin American public. It was mentioned this morning that we're really not getting through to the Latin American public. The government officials may be acknowledging that it is really a problem, but not the public. My point is not getting the point to the public. My point is to get through to the middle class. This is the key in Latin America, because many of us don't realize how truly anti-drug the middle class is in Latin America. They are paranoid in fact. They are not at all liberal about drugs. But we need to drive home the point that they have reasons for even greater paranoia, particularly regarding this and future generations. Anytime you have escalating production, you have overproduction; you have surpluses and glutted markets. This is exactly what has happened in the three South American source countries. There is a tremendously escalating abuse of the product itself—in this case, of course, the smoking of cocaine paste, or *basuco.* We can surely do much more in convincing the Latin Americans about the danger involved here.

*Negative Environmental Impact of Coca Production Must Not be Ignored*

The same thing can be said about the environmental repercussions of processing and growing of coca and cocaine in Latin America. There is the danger here, of course, of using the example of herbicides as a comparison. I'm not going to argue that herbicides are risk free, although "spike" has been used in this country for many years, and paraquat can still be bought in the local store. I know the use of herbicides might be massive in Latin America. The risk could be great. But we've really underplayed the environmental impacts of drug processing in Latin America. We now need to put a lot more emphasis on this.

*Some Observations And Options Concerning More Direct U.S. Involvement in Host Nations' Anti-Drug Efforts*

Another controversial option that has been addressed today is greater participation by U.S. personnel in Latin American eradication, lab destruction and interdiction activities. The principal issue,

of course, regarding increased U.S. involvement is the potential dangers posed to DEA and Special Forces agents and to U.S.-Latin American relations. Obviously, any increase in such forces must come exclusively at the source nation's behest and be accompanied by a substantial upgrading of financial support in reciprocity. The political risk factor for a nation like Bolivia would be even greater than it is currently under Operation Snowcap. You must remember how controversial this program is currently throughout the Americas, including the United States. But given the widespread unpopularity of chemical eradication programs, the deployment of more American anti-drug personnel may be worth the risk if meaningful progress is to be registered on the supply side.

Far less precarious would be deployment of additional U.S. Customs officers to assist in training their Latin American counterparts. We've made a start in development, but I would like to suggest that we do more of this for a reason that is seldom brought up unless you spend a lot of time in Latin America. First of all, development would definitely enhance the interdictive capacity of Customs in Latin America. Secondly, they would also interdict more traditional contraband coming into their countries. This is very important to Latin American countries. We could surely put more emphasis on the customs angle of this. And U.S. Customs agents aren't nearly as controversial as U.S. soldiers or DEA agents.

*Importance of Extradition And MLATs*

The moribund state of extradition today, should not mean the abandonment of this crucial strategy, even in a country like Colombia. In this regard, if you can't revive the practice, then you're going to have to push very, very hard in the area of MLATs (mutual legal assistance treaties). They are particularly important in the area of money laundering and the seizure of assets. Latin American civil law systems don't normally have provisions for seizing assets. But if the Mexicans can do it on a rudimentary basis, and they have been doing it, then why can't the other Latin American source countries begin to modify their statutes in some way to get at the assets; and above all, to get at the money. That's the key to the whole thing. They can do this on their own or with our help. The greatest pitfall here is, however, rather obvious. Before you can seize assets, you must capture or arrest the traffickers, or at least force them to flee the country. This is no mean task.

*Need to Recognize Latin America's Sacrifices*

Finally, a suggestion that really has nothing to do with governments, though it's something that I always think about because I have journalistic friends in Latin America. We can do a whole lot more (in fact, we have done virtually nothing) to rally support in the United States and elsewhere for the truly courageous Latin American law enforcement officers, jurists, and journalists, who risk their lives and those of their families daily, by confronting in their actions, verdicts, and columns the enormous power of drug traffickers in Latin America. Far too many have paid the ultimate price for this kind of courage. The truly amazing thing to me is that there are not any judges, any politicians, nor any journalists with guts enough to continue writing the kind of columns and

taking the kind of actions as they do in Latin America. They merit not only our admiration, I think, and our praise, accolades that have been seldom forthcoming in this country. They and their families also deserve recognition in the form of financial rewards, scholarships, and sanctuary. It is they, after all, not those of us in academia or in government, who are truly on the narco firing line. Thank you.

Mr. AHEARN. Thank you, Dr. Craig. Mr. Urrutia.

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**MIGUEL URRUTIA, MANAGER, DEPARTMENT OF ECONOMIC AND SOCIAL DEVELOPMENT, INTER-AMERICAN DEVELOPMENT BANK**

Mr. URRUTIA. Thank you very much. I'd like to address an issue which I understand was addressed this morning, and that is the impact of the drug trade on the Latin American economy. It is always difficult to generalize, in this case Latin America, because each country has special conditions and because I understand a little bit more about Colombia than about the other countries. Columbia may not be very typical.

*The Drug Trade Destroys Legitimate Economies*

The point I want to make is that a serious analysis of the impact of the drug trade on the Colombian economy leads one to the conclusion that the drug trade is a complete disaster for the Colombian economy. I will go through a few of the arguments that support this assertion.

The first argument, which is very important to keep in mind—and it applies not only to the Colombian economy but to all of the economies—is that drug dealers may make a lot of money but that doesn't mean that the money gets to the countries. In the case of Colombia—and I completely agree with the previous speaker that statistics are pretty terrible—whatever serious studies have been made suggest that the period in the highest income to Colombian nationals produced by drugs was 1981 to 1983 when such income was on the order of a billion dollars. And, in 1982 it appeared to be about $2 billion. Since then such income has gone down to maybe $700 million, which of course is absolute peanuts for the size of the Colombian economy. Nevertheless, a billion dollars is still a substantial amount of money.

Now it so happens that very little of this gets to Colombia. As a matter of fact, most of it is kept outside of Colombia, and the recent U.S. investigations into the banking problems of some Panamanian banks and U.S. banks certainly suggest that this is the case. Very little money comes back to Colombia. I've calculated that it would be very surprising if, in any one year, more than $250 million reached Colombia; the rest is kept outside. Now, why is it that only $250 million reaches Colombia? So I think, from the macroeconomics viewpoint, there is absolutely no benefit from drugs to the Colombian economy.

*The Drug Trade is Politically Destabilizing and Yields Economic Benefits to only Small Minorities in Colombia*

From the point of view of the country and the politics, of course, I don't have to do much explaining. This morning Mr. Fauntroy

gave all the figures regarding the costs imposed on the country, the political class, and the intelligentsia of Colombia, because of drugs, and the violence is quite closely tied to drugs. One of the things that drugs has made possible and through contraband essentially is the arming, both of the guerrillas and of the narcos. And I don't know if Bruce will agree—I've agreed with everything he said today, which keeps surprising him—but I think at the present time the whole issue with the guerrillas in Colombia really hasn't improved more than any recent period that I can remember. What has happened though, which is a complete tragedy, is that the real violence in Colombia now is by the paramilitary groups and there is very clear evidence that has come in the last months that there is absolutely no question that these groups are financed by the narcos completely, and are controlled by the narcos.

So the major problem of violence in the country at the present time, which sometimes is in a marriage of convenience, but most often is in an open war with the guerrillas is the narco money. So it is completely destabilizing for the country. It leads to less investment because when there is this violence people are worried and they diversify their portfolio. They take their money out. So there is definitely no advantage to the country from the drug trade. So the question for the seminar—how do we wean these countries from the drug trade—presents there's no problem at all. If the drug trade stopped tomorrow, Colombian economy might grow 1 percent faster per year. There is absolutely no benefit economically to Colombia from the drug trade.

That fact is not surprising, when you see that the government is so active in the fight against drugs. The number of ministers, newspaper people, the intelligentsia, and the university professors, who have been killed by the narco-financed paramilitaries in the last 6 months is immense. When you see the whole of society that is against drugs, you understand. The reason why this happens is that for a great majority of society there is no benefit from the drug trade. People follow their own interests. When the whole of society is against the drug trade, it leaves only a very small minority that benefits. Even within the most imperfect democracy that Colombia is, the whole system is against something that only benefits a very small minority—a very small minority which is extremely rich, but the benefits don't spill over very much.

*Drug Trade Does Little to Benefit Bolivia Economically*

Now this is the case of Colombia. What happens in the other countries? I believe that in the other countries the situation is very similar. There are no benefits from drugs; economic nor social. The one possible exception, and I say it with some trepidation, might be Bolivia, where there is an awful lot of small farmers who's livelihood is dependent upon the sale of cocoa leaves. However, I would someday like to have the time to analyze the Bolivian case in greater depth, but somehow or other I still feel that in the case of Bolivia the economic cost-benefit analysis, would be negative. Certainly the government feels this way also, and absolutely finds no particular advantage in the drug trade. However, in the case of Bolivia, one could imagine that specific aid to compensate, particularly the poor peasants, for their loss—if eradication of their plantings

took place—might be an interesting possibility. It would definitely not be in Colombia. There is absolutely no logic in throwing money from the U.S. into Colombia for the management of this problem, because it will not have a positive macroeconomic effect. In the case of Bolivia, where you have a different economy that is completely open and liberalized, aid that could directly translate into imports to help these poor farmers would be a solution. However, I am not absolutely clear that it would be the same scenario for the other countries of the region.

Now should the problem of the debt of Latin America be solved—of course, but that has nothing to do with drugs—it is a completely different problemthan that of drugs. In the long term, for the national security of the United States, of course, rapid growth in Latin America is absolutely crucial. There will be no growth if the debt problem is not solved. I am not absolutely sure what connection the debt problem has with drugs.

*Increased Role For Non-governmental Organizations in Implementing Drug Policy Warrants Consideration*

But since I was asked to be a little bit more constructive with respect to the possible policy implications in the United States, I do have one suggestion. It is at this point that I would like to mention an incredibly successful example of a multilateral solution—and I agree with the whole panel that multilateral solutions are the way to go, and that is the whole area of population control. Probably almost as politically explosive and ideologically difficult to handle, was the whole area of population growth in Latin America. And this was an area, for example, where countries were very reluctant to accept bilateral aid in support of population control policies. And so what happened? An incredibly effective mechanism of aid was developed through U.S. and European nongovernmental organizations. Such organizations as Planned Parenthood Federation, and some other entities of the same nature. Some of these organizations, received public funds in the U.S. to support tremendous educational campaigns, and set-up direct people-to-people programs. To everybody's surprise, these systems were so effective that the birth rate in Latin America and in Colombia, came down much faster than in India and in the other countries where the state was directly involved in the problem.

*Attention to Demand Is Crucial*

So if one believes, as I do, that indeed the way to get to the problem of diminishing the drug trade is by affecting demand, and that public education campaigns are absolutely crucial to have that effect, not only in the United States but also in Latin America. This is true because, as was said by Professor Craig, most of the countries now have a problem of drug use by the young people and realize that drug abuse is a problem that inevitably affects people's children and that this is becoming a major problem in this society. Expanded educational campaigns would have a tremendous impact, not only on the demand side in the Latin American countries but also on the supply side. One must remember that these farmers, and like many of the people in these societies, are not absolute cynics. They do not and would not support an activity which they

know would have such incredibly harmful effects on people; on their own children, but also on other people's children, the children in Europe, or the children in the United States. There is such a thing as social cohesion and social approval. A very massive campaign through the mass media using the nongovernmental, private institutions in the developed countries (as was used so incredibly effectively in the area of population policy) could have an impact not only on demand, but also on supply in Latin America. Thank you.

Mr. AHEARN. Thank you very much, Mr. Urrutia for that genuinely different perspective. Ambassador Corr.

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**AMBASSADOR EDWIN G. CORR, DIPLOMAT IN RESIDENCE, UNIVERSITY OF OKLAHOMA**

Ambassador CORR. I have been somewhat torn as I have listened to the panelists' statements. There are many things I would have liked to have commented on as they spoke; and, at the same time, I feel that they have already said almost all there is to say. I will nevertheless try to give you a few ideas; some of which may have been mentioned earlier, but some of which may be at variance with what other panelists have suggested.

*A Realistic Approach Gives Rise to Some Optimism*

I am more encouraged about what has and still is being done by the United States Government to cope with the narcotics problem unlike most observers. One's perspective is much affected by the time frame chosen that must be realistic for achieving an acceptable solution, by how quickly one thinks that a problem of this nature and magnitude can be solved. We know from history that there are problems that take centuries to resolve, e.g., slavery and war. Drug abuse is in some ways similar. It is an extremely difficult problem. We haven't any knowledge of a society that has not used drugs. I doubt that we will ever totally resolve the drug problem, but we should be able to, over time, make it manageable by greatly reducing its abuse to some socially acceptable level. The main thing now is to begin significantly reducing abuse patterns and directing the situation toward that socially acceptable level.

This view, which some might call pessimistic, is not to prescribe resignation nor to suggest giving the problem less attention and resources. On the contrary, realization that the problem is not susceptible to short term, magical solutions, is necessary for the formulation of a meaningful result with lasting progress. If we operate with a misunderstanding of the difficulty of the task and the time necessary to reverse the situation, we are bound to devise schemes and programs that may provide false illusions of advancement, because of fanfare and motion, but which in the medium and long term help little, or may even be counter-productive. Moreover, such projects are likely to be expensive and waste resources in a period when funds are very limited.

On an optimistic note, I think that if we look at our drug abuse statistics over the last couple decades, there are that some positive areas for the United States. Certainly on marijuana we are doing better than we were. Over the past ten years regular use of mari-

juana by high school seniors has declined from a ratio of one out of nine or ten to one out of nineteen or twenty today. In the case of heroin, in 1970 we had about 700,000 heroin addicts in this country, which dropped to about 300,000 by 1980 and then came back up to about 450,000, because of the influx of Southwest Asian heroin. I do not know what the figures of heroin usage are now, but I believe they are still well below 700,000. Thus, there has been progress on marijuana and heroin. Where we are failing, and are not having any progress, is on the usage cocaine and cocaine derivatives.

*The Major Challenge is for the United States Government to Get its Act Together*

There have been a lot of words written, a lot of ideas discussed, and a lot of things tried in narcotics control. As the Deputy Assistant Secretary for International Narcotics Control, I sat in meetings very much like this ten years ago. I personally think that the accumulated level of knowledge and of understanding about narcotics control are great, despite the presence of gaps, great statistical impreciseness, and issues in sharp dispute. The challenge is to pull ourselves together and to use the experience and knowledge we do possess—even though we do not have clear answers from that experience nor a consensus upon adopting a solid national narcotics strategy with established priorities, courses of action, and adequate resources. The plan must be long term, and also address the problem in full, along the trafficking chain, from production to consumption, using the always limited resources in the best way possible.

*Multilateralism is not a Panacea*

The effort, as it has already been pointed out, requires cooperation with other countries. Multilateralism, however, is not the panacea that some experts, including members of this panel, would now seem to suggest. We have been working diligently for years to promote a multilateral approach, and there has been considerable success. I can remember going with Congressmen Rangel and Gilman to Vienna ten years ago, to participate in United Nations meetings on international narcotics control. The United States Government has been using its influence for years in this area, and much of the existing multilateral cooperation is the result of America's efforts.

United Nations. programs have become more significant, and the number of treaties, declarations and communiques that have been signed among governments is great. We have reached the stage where a good foundation has been laid, and multilateralism is now capable of expanding significantly. Still, it will be some years before the multilateral efforts will constitute an effective response to the problem.

*Improvement of United States Domestic and Bilateral Programs is the Initial Key Step*

Not only are cooperation and coordination among nations needed, but individual nations must tremendously improve their domestic and bilateral programs. If the United States Government cannot plan, establish priorities, coordinate and control its agen-

cies, and implement a national plan, it is unlikely that such tasks can be accomplished in the multilateral arena. The greatest and most urgent challenge is for the U.S. to get its own act straightened out. That will enhance the possibilities for effective multilateral cooperation. Both improved domestic and international programs should be pursued, but most important is the effectiveness and efficiency of our own domestic and bilateral efforts.

I am, as I said, encouraged. I see strong and active support from the President. I see a concerned and committed Congress, as demonstrated by this very meeting. The creation of the "Drug Czar" is an extremely significant step. Congress' requirement that the Drug Czar submit a national strategy is very important.

The test of success from these encouraging developments will be the soundness of the national strategy and the degree to which it is actually implemented. This will be measured by departments and agencies changing programs and expenditures to conform to the national strategy. This will only occur by continued strong, active backing of the Drug Czar and the National Drug Strategy by the President and the Congress. It will require changes in comportment with respect to turf and budget battles by Executive agencies and among Congressional committees.

*An Objective Review of History Would be Instructive*

To prepare a sound National Drug Strategy and to assure its effective implementation it would be helpful to study the history of Federal Government narcotics control efforts, to try to learn from the past. For example, this is not the first time we have talked of a "drug czar". There was one in the Nixon Administration over which there was considerable controversy. A reading of Federal Government annual strategies is instructive. Each administration has selectively chosen statistical bases and prepared graphs to show that while each was overseeing the problem, there was progress. We need to be honest with ourselves by looking at the look at the data over the past couple decades and obtaining the most objective and complete picture of what has worked and not worked.

*Narcotics Control Should Focus on Consumption and Production*

My interpretation of the history of American narcotics control efforts leads me to believe that we should focus our activities and resources principally on consumption and production. Between these two ends of the narcotics trafficking chain are the links of processing, transportation, entry into the United States, transportation within the United States, and distribution. It used to be common for narcotics control strategists to argue that if any single link of the chain could be destroyed that trafficking would be stopped. Well, that would be true, but it has proved impossible to destroy any single link. However, the links upon which most of the progress and lasting change have been and can be made are the links of consumption and production.

For many years the consumption problem has been associated with industrialized countries, but has become an increasingly serious problem in producing and transiting countries. I can show you neighborhoods in Cochabamba, Bolivia where the abuse situations

are comparable to the worst consumption areas in the United States. Or, I could take you into certain parts of the Chapare Valley in Bolivia where there are farmers whose skin has been burned and whose legs are rotting off because they helped to process coca leaves into coca paste using harmful chemicals. For the producing countries the consumption/abuse problem is exacerbated by the lack of health systems and structures to deal with it.

On the production link, eradication of the narcotics crop combined with enforcement in the source countries has been very effective, as exemplified by the Turkish program and the Mexican program (at one stage).

In order to keep the cost of doing business to traffickers high and to discourage consumption, there should be interdiction and enforcement efforts on the links between production and consumption. However, the amount of really lasting change in narcotics trafficking volumes, because of our interdiction and enforcement efforts, has not been great.

The major effort should be on production and consumption. Perhaps about twenty percent of our total narcotics control expenditures should be on production (through income substitution development projects, eradication, and supporting producing country narcotics law enforcement), about twenty percent on the intermediary links, and about sixty percent on depressing American consumption.

*Our Current Major Emphasis Should be on Cocaine*

We are not doing as well on heroin and marijuana as we would like to. Therefore, we must increase our too slow progress on these drugs. But, our major concern at this moment is cocaine. We must begin reducing the cocaine abuse problem as we have previously done on marijuana and heroin.

Compared to opium poppies and marijuana, which are grown, processed and trafficked from many countries, coca is grown primarily in three countries: Peru, Bolivia and Colombia. There is some production in Brazil and a little bit in Ecuador. We need to mount a concerted effort focused on Peru, Bolivia and Colombia, with some special attention at a lower level, on Ecuador and Brazil.

*Need to Spend More on Curbing Production*

I am convinced that we could have done a whole lot better in the four years I was Ambassador in Bolivia if we had not been so restricted by the levels of our aid money. I would like to ask Dan Chaij what AID is spending today on income (not crop) substitution projects. A decade ago, we were spending, world-wide, about $25 million a year, when I was Deputy Assistant Secretary of State for International Narcotics Affairs. I think we are spending about that same amount today.

I believe that we should be spending from $200 million to $250 million annually on income substitution projects to move poor farmers out of narcotics production. Resources are a great problem in this time of budget deficit and restraint, but, in terms of over all lasting results, making progress on lowering production is impor-

tant enough that the United States Government should consider the transfer of funds from other areas of narcotics control.

*The Real Test: Altering Behavior of U.S. Departments and Agencies*

The real test of our coordinating and putting things together will be whether or not the Executive, the Congress, and the Drug Czar will be able to effect changes in the budgets and actions of agencies. That will be the proof. One year after the Drug Czar's national narcotics strategy is submitted to the President and to the Congress, look to see if there have been any changes. That will be the test of whether or not we are finally getting our act together on narcotics control.

Before closing I would like to comment on some statements by other panelists.

*Effects of Narcotics Trafficking on Producing Nations' Economies*

On the economy, my notes parallel the conclusions put forth by Miguel Urrutia. For Colombia, the economic effect of narcotics trafficking has become negative. The same is true for Peru and Bolivia, in a macro-economic sense. Peru and Bolivia differ from Colombia in certain regions, such as the Chapare and the Upper Huallaga Valley, where there is an even greater degree of dependence on coca. Because of the concentrations of persons who have become economically dependent on coca production and trafficking, the social and political problems connected to changing this dependency are significant.

It has long been my view that, during the initial four to eight years, the proceeds from narcotics production and trafficking are beneficial for a producing country in terms of its development. A point is soon reached, however, where production and trafficking become economically negative, because the narcotics trade distorts investment patterns, exchange rates, planning, expands the untaxed "informal" economy, etc. It also becomes negative in terms of the costs imposed on society for damages done to the judiciary, the police, and the corruption of the political process itself—all precious societal and political institutions for which assigning costs of damage is difficult, but immense and real.

*Multilateralism Will Take Time to Achieve*

I would like to reiterate my discomfort with the way that some panelists have so wholeheartedly embraced multilateralism as the new major focus of our efforts. Multilateralism has been, is, and will continue to be an important part of our narcotics control programs, and may eventually become the most important element. I can assure you, however, even building upon the activities we have helped to create, will require several years for multilateralism to gain that position.

*Need for More Holistic Approach to the Development Problems of Narcotics Producing Countries*

Finally, and this may be one of the more important things that I will say, the industrialized world needs to take a more holistic approach to underdeveloped, narcotics producing countries' problems.

A single problem cannot be dealt with in isolation, because of the many grave problems these countries bear.

Peru, for example, is plagued by external debt, insurgency, poverty, consolidating democracy, weak government and bureaucracy as well as by narcotics trafficking. In order to obtain effective Peruvian collaboration in narcotics control, the governments of the industrialized countries will have to help the Peruvian Government in more than just narcotics control.

What we really need to effectively address the cocaine problem of the United States, is to lower our consumption. And, the industrialized countries need to help the Andean countries with developmental and social problems that will enable them to have the alternatives and political power to efficaciously attack such illegal narcotics production and trafficking.

## Discussion

Mr. Ahearn. Thank you very much, Ambassador Corr. I think we'd like to take about 10 minutes to allow the panelists to explore some of their areas of agreement and even perhaps disagreement. Bruce, would you like to begin?

### *Perceptions of the Problem Seem to Differ*

Professor Bagley. I find this discussion rather ironic. I'm not even sure we're talking about the same problems here. On the one hand, Ambassador Corr tells us that we pretty much understand this problem. Yet Miguel Urrutia tells us that everybody who has estimated the flows into Colombia has been wrong up to now and that it's dramatically less important in Colombia than virtually everyone has stated. There are serious problems in understanding the impact of drugs. The problem has evolved over the last 10 years; it is not the same today as it was 10 years ago.

My own argument was that Colombia, Peru, and other countries in the region are under heavy siege now; that their national security is in greater peril today than it was a decade ago. How can we deal with Noriega in Panama or the Garcia Mesa coup in Bolivia? The spiral here is very dramatically downwards and what we're dealing with is an entirely different ballgame than we were 20 years ago when we had Project Intercept with President Nixon or over the 1970s when Mexico was being touted as the example for the third world of how to deal with the drug problem.

Ambassador Corr. I don't believe that the problem—is so significantly different except as you're suggesting in terms of magnitude, but I don't think that comes just because of the way we have been trying to approach the problem. It relates to the economic depression. It relates to the debt problem. It relates to a number of things that are apart from the dealing with the narcotics question itself. I think we do know—a lot of things have been tried—I think we do know a lot and I think the main thing is to put together what we know and move ahead at a higher priority. I don't see the great discrepancy or difference that you perceive.

*Economic Impact of the Drug Trade on Colombia Should not be Underestimated*

Professor BAGLEY. My second point has to do with the magnitude of the problem or the economic phenomenon in Colombia. Here Miguel and I have had parts of this discussion before and I'm sure it will go on. I agree with the general conclusion that the balance sheet for Colombia is quite negative. I don't think there is any question. There are separate categories that we should be dealing with here. What is the economic impact and what are the sociopolitical consequences and costs? Frankly, Miguel, who is the economist—I'm the political scientist—seems to me to have blended all these together in order to come up with his conclusion. I didn't see any estimate of what the income and employment multiplier effects were in Colombia. I thought that was ignored altogether. How many people are in fact employed? If the estimate is as low as Miguel says, we're still talking about somewhere around 20 percent of the total foreign exchange for Colombia. A loss of 20 percent of your foreign exchange could have a significant impact on your economy in any given year. To get rid of it in that rapid a fashion seems to me really quite dramatic. I think Miguel is talking only about cocaine, when we know for a fact that Colombia is also a marijuana producer. It has produced quaaludes for a long period of time. There have recently been discoveries of opium cultivation in Colombia.

My own estimate are much higher and I think that the evidence that Miguel cited in 1982 is absolutely correct—$2 billion. I think that it has gone down because the prices have gone down, but Hernando Gomez who has worked for the Bank of the Republic has contributed an essay to a book that I have edited in which 1985 estimates for cocaine alone are $1.7 billion. The estimates for marijuana—what would they be—they've certainly gone down, but we're talking somewhere in the neighborhood of $300 to $400 million per year.

*Drug Trade has Both Backward and Forward Linkages*

There are other aspects to this drug trade. I think that the impact is infinitely more significant than we're talking about. I think there are both backward and forward linkages. I think we have to talk about the Colombian offshore banking system. The industrial collapse in Medellin began in 1978–1979 as virtually everybody has written. It has to do with the management of the Colombian economy over the 1970s. The foreign exchange problems of 1982 are clearly tied to the international recession. And the question becomes not "why was there a foreign exchange bottleneck in 1982," but rather "what was the contribution of drug money to sustaining the Colombian economy under a very difficult period of time, in which everybody else had debt collapse altogether?" Mexico in 1982 collapsed, Colombia did not. I think that the contributions of the drug economy are much larger than the Colombian government, the Colombian ambassador here in Washington, and others have recently been willing to admit, and I think that it's a serious mistake to so substantially underestimate this because it substantially underestimates the impact that it has on the Colom-

bian economy. The head of the Colombian real estate board Fedelonjas estimates that there is in effect a counter-agrarian reform going on; that somewhere between $3.5 and $5 billion have been invested in Colombian real estate, rural land; that around those we have the growth of private armies, we have the paramilitary organizations growing up.

The economic and political phenomena are intimately linked. I think that the narco-guerrilla point that was made by Miguel is correct. I agree with the general conclusion that Miguel put forward. But in order to understand this problem in the context of Colombia, (much less than a country like Bolivia, where foreign exchange last year was $1.1 billion, some $600 million of which came from coca exports), it is wrong to underestimate its impact because it misplaces the roots of the problem, the linkages within the economy, and the relative strength of the narcos vis-a-vis civilian institutions within that context.

*Drug Trade does not Help Columbian Economy*

Mr. URRUTIA. I think we do have a slight problem here because the data I was quoting was the same source as Bruce was using. My paper shows $760 million for 1985 from Hernando Gomez, and he mentioned 1.7 billion. I'm talking net income from drug exports—net income, not gross. I'm not saying that some of these drug people are not buying land. Of course, they are, but that doesn't help the Colombian economy because essentially they scare people in a certain area. The old landowners sell the land and take the dollars and put them in Miami. The impact on the Colombian economy of that particular transaction is zero. What's more, it may be negative because it may be that the drug barons are very good at their business of drugs; they may not be such efficient cattle owners. So none of these things are contradictory. They do invest in land but the impact on the Colombian economy is negative because the money they bring in immediately goes out and that's why I say that the net foreign exchange inflow to the country may be about $250 million. The rest is contraband in arms, which nobody wants, contraband in textiles which destroyed the Fabricato textile company and sent it into receivership—that's the second largest textile company in Colombia and probably in the top 10 of Latin America.

Ambassador CORR. And in some cases, the numbers of people involved are so large that it presents very, very serious political problems.

Mr. URRUTIA. And that would be the case certainly in Bolivia, in certain areas of Peru, but not in Colombia, because we are still small growers of cocaine. There is a problem actually, and it's a problem that nobody has discussed up to now, and that is that Colombian cocaine is being grown by the indigenous populations, which were populations which had been outside of the western world for the last 300 years and the first contact they make of a really active nature with the western world is through the cocaine barons. Now that is a real problem.

Mr. AHEARN. We're supposed to take a 10-minute coffee break, but I notice there's no coffee in this room. So I would suggest that

we just continue on and open it up to the floor for questions and comments, and we can terminate 10 minutes early. Yes, sir.

*Use of Multilateral Organizations and Initiatives*

QUESTION. When we speak of multilateral initiatives, are we talking about using the UN or another organization outside the region, or the OAS, which I imagine by default perhaps becomes the organization we'd like to fixate on, and what would be the advantages and disadvantages of that? Second, if the U.S. wished to attempt to infuse some life into it, what would be the reaction of the Latin American countries? Would they be suspicious of us? Would they view this eagerly? What would be their reaction?

Professor BAGLEY. Let me defer to Dick Craig first, because I've already dominated parts of this conversation. I certainly have some ideas on it.

Professor CRAIG. Let me make one thing perfectly clear: In advocating greater use of multilateral organizations, in no sense—this is what happens when you slash parts of your notes out and just use certain things—in no sense am I recommending the abandonment of bilateralism. I'm just very skeptical based on my experience with unannounced unilateralism. But I don't think there's any conflict whatsoever between effective bilateralism and simultaneously effective multilateralism. I think the two should work hand in hand.

In terms of who would do it, by indirection I think maybe you gave the answer—the essentially dysfunctional OAS has somehow been revived oddly enough by one issue, that of drugs. But I wouldn't see anything wrong with not necessarily creating an official organization. It could be ex officio. I have even considered the creation kind of a "white triangle alliance" between the three major South American producers with infusions of ideas and funds from the outside to let them work on a trilateral approach. I'm a lot like Ed in this instance in that I don't want to jump headlong into the pool of multilateralism because you know we have enough problems implementing bilateral programs. You'll even have more in terms of multilateralism. I remind you that if we get a multilateral strike force—this really sounds a little Ramboish, but let's use it anyhow—I can guarantee you that neither Bolivia nor Peru nor Colombia nor Mexico is going to welcome this multilateral strike force any more than they would welcome the United States Marines. That's not my point.

My point is that because we are not being very effective now, we need to explore other avenues. One of them involves more than just pure bi- or unilateralism. What the hell do we have to lose? We might as well try it. The example that Miguel gave is a superb one involving birth control and population control. My God, the results have been amazing. And one of the ways that you do this is by a very, very effective use of the media. Those of us who spend a lot of time in Latin America are absolutely astounded how effective little jingles like "La familia pequena vive mejor" are. I heard that thing to the point where I could sing it in my sleep. And by God, it works, because when you get through to the people that really count, they begin to take action.

*Latin Governments Act Out of Perceived Self Interest and not as a Result of U.S. Pressure*

In this respect, I have another theory that many of you have heard before (I've been working on this drug thing for so long I forget where I first said this). I'm absolutely convinced—and I don't think in this respect that I agree with Bruce—that nations act when and only when they deem something to be in their national interest. When they feel threatened, they act. And I just don't think that up until very recently, with the exception of Colombia, that drugs were such an issue that the dominant class, the *politicos* and the people who are critically important, the movers and the shakers, felt threatened the same way we feet threatened. Hell, we didn't care about drugs in the United States as long as they were in the ghetto and the barrio. Let's be honest about it. Most of us in here are old enough to remember those days. But it was no big deal. It's when middle-class kids come home strung out; it's when problems with my kid or Tony's kids or somebody else's kids come home to rest; when Art Linkletter's kid jumps out of the building—then it becomes a problem and then governments begin to take concerted action. And we really undersell and underestimate the ability not of Bolivia and Peru, but the ability of a country like Mexico and at one time, Colombia, the to make a concerted move against narcotics when they decide "by God the time has come."

Don't think they can't move when they really feel threatened. And they make moves like this when they feel threatened, not when we threaten them. It's very convenient to say that the only time the Mexicans ever do anything is when we make them do it, or the only time the Colombians ever do anything is when we push them to do it. I don't believe that. I think they act when *they* feel it's time to act. No, I'm not going to abandon bilateralism, and I don't deem multilateralism a panacea, but it's an avenue worth exploring. It's an option, another way to approach a problem.

*Possible Expanded Role for OAS*

Professor BAGLEY. One goal, beginning with the OAS would be to try to clean up $28 million in arrearage and our pledges to it.

Professor CRAIG. I think that it's important to recognize that one of the reasons the OAS has been paralyzed has been Central America. There is a basically new opportunity here with the advances at the Central American Summit the endorsement by the United States to remove that paralysis from U.S. policy. What is it going to require? One thing is the economic financing. Management through the "superfund" would be a useful mechanism to encourage. I think that extradition treaties through a mechanism established by the OAS could be judged in some kind of Latin American court. The United States would have to give up part of its sovereignty as it has been unwilling to do in these cases. That would be essential. I think there are a number of other things that could be done. By bolstering the OAS and giving it a new anti-drug mission we could get away from the anti-American feelings, the knee jerk Operation Blast Furnace reactions. I think it's wrong to create an international strike force. It's the wrong way to go.

My whole idea about institution building is that we must address the specific capacities of the nation state. Unless you think the nation state is about to be abandoned in Latin America, we are going to have strengthen its institutional capacities. But how, for example, do we go about providing the technical assistance for judge protection programs. If it's a U.S. program, then it's going to engender the same kinds of resistance that we have seen before. So I do think that the OAS is an important institution. It could be revitalized.

One of the areas in which I think it could operate is in the judicial/technical assistance area. It could perform effectively in crop substitution and crop eradication realms. I think it could operate in "superfund" areas. These things should not be managed unilaterally. The facts of the matter are that the United States has been operating unilaterally, or if you like, bilaterally, at least since the late 1960s, and we are where we are because of that. If we haven't learned those kinds of lessons by now, then we're going to have another decade of this. In fact, in a one of my recent articles I predicted that we're going to spend $60 billion over the 1990s. Our current appropriation is about $5.96 billion, and we're going to spend another $60 billion in a failed effort to do the kinds of things we have been doing in the past. So I'm quite pessimistic about all this, and I think that a degree of pessimism is warranted here.

The situation is becoming dramatically more significant for state institutions in a number of these countries, and the multilateral effort is an essential one. It's going to take time. There's going to be backsliding. There are going to be leaks and frictions and other kinds of problems. But unless we move in the direction of information sharing, of technical assistance at both the judicial and agricultural level, we continue like Alice on the treadmill. Multilateral efforts should also involve the Canadians, particularly in the OAS. I think that's critical. I also believe that the United Nations has a role and that through the United Nations, Japan and the Europeans could participate. We must be creative about these kinds of things, and we have to do it in ways that will engage rather than disengage, that will encourage interstate cooperation rather than encourage alienation.

*Viewpoints Differ Over Effect of Drug Money on the Economy of Colombia*

Professor MAINGOT. I was interested in the exchange between Bruce and Urrutia over how much money is coming into Colombia and an attempt to pin down that it was exactly $250 million or perhaps $1.5 billion. In the Caribbean today in the optional banking centers, there is a sentiment that with the Americans putting pressure on and with the Swiss changing the banking regulations, drug dealers are afraid of put their money in these centers, especially the Cayman Islands which is trying to become a kind of clean Switzerland. So they've invested their money by phone, where they have a free thing. That calls for the purchases of real estate. What happens for instance when you go to a city such as Cartagena, where I was just, and you're talking to the historian of Cartagena. And you ask him, "Professora, what are all those buildings over there? I was in Colombia 10 years ago. They weren't there. It looks

like Miami Beach." It's a development and he tells you, "Look, this is your Cartagena over here"—that was the Cartagena I knew—"that over there is something new. And I don't need to discuss with you what money it is." Now he does not tell you that's drug money. You know there is the perception that money is flowing in but they're building motels, they're building up whole cities. What are you supposed to do with that information? Should you take into account or you should ignore it as mere rumor?

Professor BAGLEY. If I could just comment on that briefly, because court records provide fairly dramatic and insightful evidence into these flows. A single money launderer was sending a billion dollars a year back to Colombia. It's part of the indictment. It's part of the facts of the matter. We have the records here. So this argument that less than this is being sent back seems to miscast the problem. And frankly it's an empirical problem. It's one of those areas that require a great deal of research, because it's important to understand the linkages to rural land purchases, to the construction industry, to the offshore banking industry, to legitimate enterprises in Colombia, from football stadiums to restaurants. It seems to me that this whole money laundering operation in Colombia is far more complex than we have taken a look at. Colombian economists should look at the evidence available in the United States before dismissing the significance of narco-dollars.

Mr. URRUTIA. I think we keep talking about different things. There is no question that some money gets to Colombia. The question is how does it get there, and does it stay? That is the crucial question. It's an accounting problem. The Central Bank in Colombia keeps track of the international reserves of the country and of the legal imports and exports. Those accounts are publicly available; they are certainly publicly available to you, and if you look at those accounts and you make any type of assumptions, you don't find the drug money. Now why is that? It's very simple. We explained it already. The drug money—the dollars come in. They are immediately used to pay for contraband, and they go out of the country again. Now the contraband comes in so there is wealth moving in and out and for about 30 seconds, there are dollars in Colombia, usually in bills. All of the money laundering tends to happen in that way and that is why the control of large transactions in currency, in bills, is very important. But none of that money is for the Colombian economy. It goes out again. Now it may not be in the hands of the drug lords. If a drug lord buys an apartment in Cartagena, the man who sells it to him, who may be a legitimate constructor, then puts the money in Miami. And it has had zero effect of a positive nature on the Colombian economy. The things that have a positive impact on the Colombian economy are the exports of coal, of oil, of cut flowers, of coffee, of industrial goods, and now fortunately, of textiles again, because the textile industry has revived and I have never heard anybody claim that it was revived by the drug monies.

Professor BAGLEY. We do have a methodological problem here. There's capital flight from every Latin American country. Many Latin American countries have been bled dry by it. Colombia has not been bled to death by capital flight. Why is that? It's because there is money entering and as Tony just pointed out, it's not

simply that the dollars are there for 30 seconds. They have built hotels and businesses. There is permanent plant with established infrastructure. The fact that the debits and credits in some macroeconomic model indicate to you that money is flowing out does not mean that in the hands of specific drug lords and related elements, there isn't physical evidence of the drug money; that it doesn't have backward and forward linkages; I think one of the points of resilience of the Colombian economy beyond the fact that it is a relatively diversified economy with coffee, with coal, with petroleum, with a number of other industrial products as well as agricultural products, is that it has been provided with the kind of cushion by substantial flows of drug money into the country.

Once again I ask, what are the employment effects? In the marijuana industry alone, the estimates are between 30,000 and 50,000 individuals employed in the cultivation of marijuana in Colombia. The price has gone down, but they're still there. They're still cultivating it in various areas of the country, and as it has been forced out of the Huallaga, it's popped up in a variety of other areas in the country. What about the private armies? What about the various services that are provided? Luxury goods that are developed? No one is arguing that this has an insignificant impact on the Colombian economy. Keep that straight. I agree with the overall balance sheet equation here. It's very unhealthy. It's had major negative impacts on the Colombian economy in the sociopolitical area as well as economic distortions of the priorities and investment patterns in the country. The distorting effect should be separated out from the impacts on the economy. I don't think you can go to the Colombian coast, Medellin or even to Bogota, without seeing the evidence of drug profits in everything from luxury goods to the construction industry, or the price of real estate (which by the way, has had an inflationary spiral effect in Colombia). The argument that money comes in, is laundered for 30 seconds, and then goes back out is wrong. It is an accumulation process in the hands of specific sectors of Colombian society, which I think represents a threat to the civilian institutions and should not be disregarded. Maybe Miguel and I should do a joint research project that would take a look at this more seriously.

Professor CRAIG. Let me comment just a little bit about the economic impact. It's not really important whether Bruce and Miguel are talking to each other, by each other, with each other, or around each other. The question we must to ask right now is not how much narco-money stays, not how much goes, not how many buildings, are narco-financed, but what the hell are we going to do about it? What are the Colombians going to do about it? That's is something you must want to look at.

Mr. URRUTIA. I think the reason why the subject is important—it is not a subject for researchers—is that if there is the perception in the United States that the drug trade is good for the Colombian economy or for the Peruvian economy, then the logical conclusion of that is that these countries will not do anything to eliminate that drug trade. That is the logical conclusion. My point is that the drug trade is extremely profitable for a very small number of people who have extremely high incomes, but it is definitely of no use whatever to the majority of the populations, to the political es-

tablishment, to the intelligentsia, or to the middle class in these countries. Therefore, and I think it is a very optimistic conclusion that society as a whole is against drugs and will collaborate in trying to find a solution. If one goes the newspaper way and says these people are in control of these countries, then you have a real problem; then you do have a problem of weaning these economies from the drug trade.

PARTICIPANT. I tend to agree with what Bruce Bagley has said and I want to add my Peruvian perspective on that respect. There is apparently a tremendous impact of the cocaine economy which I think it's quite evident. Today you have relatively more migration to the coca growing areas than to Lima, and that is because among other things you can get much higher wages working in those areas rather than Lima. So there's been undoubtedly a surge in employment. There has been a certain spread of money. Of course, the amounts are not that great, but it works more or less as any kind of industry has worked throughout Latin American history with some specific distortions.

Professor BAGLEY. If the drug trade is so insignificant in Colombia, why hasn't the Colombian government been more effective in moving against it. If public opinion is so much against it, why hasn't it moved more effectively? Why this effect of intimidation? It seems to me there are contradictory points being made. On the one hand, it's insignificant to the economy and could be dealt with relatively easily. On the other hand, it hasn't been dealt with. It has continued to grow. The confrontation between the government and the narcotraffickers has taken on dramatic proportions since 1984, and continues to rage in Colombia. It seems to me that the question asked in Bolivia, asked in Peru, asked in Colombia must suggest to us that there are at least some linkages—economic, social, political. I think the question of corruption must come up here. I still agree with Miguel's conclusion: that it is negative for Colombian society, that the Colombian government has committed itself to the drug war, when it has so many other problems. Drug trafficking poses monumental problems in each of these countries, specifically Colombia, contrary to the hypothesis put forward here.

Mr. URRUTIA. I think my point has been very greatly misunderstood. I think what I said is that the drug trade is not good for the Colombian economy. But I have kept saying all the time that it is extremely profitable for a very violent and small minority that believes that life is very cheap and that is willing to do anything to maintain its position. The drug mafias are strong because as Bruce Bagley has said, the state in Latin America is very weak. I would remind my Peruvian friend that in the last 6 years the Peruvian state has been essentially dismantled. From collecting about 16 to 17 percent of GNP in taxes, it went down to collecting about 8 percent of GNP in taxes, so the state has ceased existing in large parts of Peru. There is a similar situation in Colombia and certainly in Bolivia. So the state is weak in all the drug countries; has been for a very long time, and it is for that reason that minorities and particularly violent minorities have been very powerful in these countries. Bruce knows that in Colombia the guerrillas have been around since the 1930s and the state has never been able to deal with that problem completely, and the guerrillas are child's play

with respect to what the armed drug people can do, so of course it's an immense problem. I never said there was an easy solution. The only thing I said is that for society as a whole there is no benefit from the drug trade. So I do not think that the United States, when it considers policies, should consider that essentially these countries have an interest in drug exports because they help the economy. This is not the case.

Ambassador CORR. I hope we are coming to a meeting of the minds on the question of the economic effects of narcotics production and trafficking on developing countries. In my view the countries would be better off economically without narcotics trafficking. This is an assumption, not sufficiently empirically based, and which at least one panelist here seems to dispute. The negative macro-economic effect of narcotics on Colombia appears clear to me, and I accept Mr. Urrutias figures and reasoning. For Bolivia and Peru the case is less persuasive, but I think the economic impact also is negative for these countries as a whole, even though it is positive for specific areas and sectors within Peru and Bolivia.

I have lived in Colombia, Peru, and Bolivia. In Peru and Bolivia there is tremendous resistance to narcotics control in the coca growing areas. While I was in Bolivia we had an AID officer taken hostage and the AID development office for the Chapare demonstrated against and threatened with burning. Narcotics control presents tremendously difficult political problems for the Peruvian and Bolivian Governments. An understanding that the net economic effect of narcotics production and trafficking for these nations is negative might make it easier for their Governments to act against the regions of their countries where the economic impact has seemed to be beneficial.

Professor CRAIG. One of the things you come out with from conferences like this is that you begin to realize how very complex this issue is. How many agencies are involved? How many agencies and departments in the United States, Raphael?

*Source and Transit Countries Differ and Require Different Problem Solving Approaches*

Mr. PERL. Some 11 federal Agencies and 37 departments.

Professor CRAIG. I heard something like 19 at one conference. It's like a giant tree with leaves and branches and so forth, but in the midst of all of this we cannot forget that every Latin American source and transit country is very different. Universal solutions for all of them just won't work because Colombia is different from Bolivia, and Bolivia is different than Peru and Mexico is very different from all of them. You have such great diversity within a seemingly uniform mix that you must be very careful because a policy that might work effectively in one place will not work nearly as well or it will fail or backfire in another setting.

*UNFDAC Programs in Latin America*

PARTICIPANT. To shift gears a little bit, I'm going to ask about the multilateral approach and the United Nations plan for drug abuse control in Latin America. They do have a project funded by the Italians for $300 million. I haven't heard of any success stories about it. What are they doing wrong?

Ambassador CORR. While I was the American Ambassador in Bolivia I actually got on a plane and made a 4-day trip to Vienna and back to get the first $20 million from the Italians through the United Nations Fund for Drug Abuse Control (UNFDAC) for an income substitution development project in the Yungas of Bolivia. It was kind of an unusual thing for an American Ambassador to do. The Italians have been very generous in their contributions to UNFDAC.

One of the problems the U.S. Government had with UNFDAC's programs—whether in Pakistan, Burma or Bolivia—was UNFDAC's willingness to fund development projects in narcotics producing areas without requiring enforcement of laws against narcotics crops. There is a strong belief by most narcotics control officials of the United States that moving narcotics producing farmers out of narcotics crop production requires a combination of enforcement and development measures. No person willingly deprives himself of income without both incentives and disincentives. The UNFDAC programs were merely creating diversified farmers who also continued to grow narcotics. There was criticism of UNFDAC for that approach.

Mr. CHALJ. The project funded by Italy is a very limited, micro-micro-effort worth about $3 million. The $300 million figure that you cite is a global commitment that the Italian government has made to UNFDAC of which may be at this point only $40 to $50 million have been projected and commitments made. Disbursements are much lower than that.

Professor BAGLEY. I'd just like to add to that. It's been very dangerous to operate in a way. They have been very limited in their operations. They've had difficulties in finding the proper crop substitution programs, cocoa may not be the best. There are a number of others talked about such as macadamia nuts. It's a slow learning process opposed to a major effort with the substantial levels of funding the people have talked about in terms of the general commitments.

Ambassador CORR. I was involved in and observed UNFDAC narcotics control projects in a number of places: Burma, Pakistan, Afghanistan. UNFDAC's earlier projects were often susceptible to criticism, but when Giuseppe Di Giovani became UNFDAC's Director the programs improved tremendously.

Professor CRAIG. Granted they surely haven't been miracle workers and they do tend to be criticized on the hill and elsewhere, but symbolically $3 million out of a total budget of $60 million—the American contribution in FY 88—$3 million out of $60 million—that ain't very impressive. Granted they are not the most effective agency, I agree with this, but that's awfully parsimonious—$3 million out of $60 million.

Ambassador CORR. I think the United States Government, certainly INM, continuously made known that if UNFDAC presented viable narcotics development that there would be more money. The real problem has been to get good projects. UNFDAC was having trouble spending well the money they had contributed to it when its funding level was much less than today. Again, UNFDAC improved dramatically under Di Giovani's leadership.

*Panelists Views on How and Where Anti-Drug Resources Should be Allocated*

Mr. AHEARN. For a final wrap-up, I'd like to give each of the panelists an opportunity to provide the Congress with a recommendation in terms of how they would allocate the limited resources we have to spend on the drug war, in terms especially of my original question on the supply side and the demand side. How would you allocate resources in terms of the supply side and the demand side, and do you have any set priorities within each category? Please do that all in 1 minute or less!

Professor BAGLEY. I think that in fact we're moving in the right direction. I would actually like to see the inversion of our priorities to 75 on the demand side, 25 on the supply side. Within the supply side, it seems to me that we fundamentally have to address questions of multilateral responses. We have to move away from direct assistance to military programs and to others, giving greater emphasis to the question of institution building with the funds that we have available. Debt relief is certainly an essential element in the formula for solving the drug problem

With regard to the demand side, I think that the principal emphasis should be placed on treatment and education rather than building more prisons, criminalization and penalization.

Mr. CHAIJ. On the cheapest measures that Congress could consider I would list trade concessions and Foreign Assistance Act amendments which are restrictive such as the Brooke-Alexander amendment,the Bumpers amendment and the Lautenberg amendment which prohibits giving those countries any help in crops that compete with U.S. exports. Trade concessions in coffee quotas, citrus quotas, sugar quotas, wouldn't cost very much in relative terms. Debt relief so that narcotics producing countries could use the money that they would pay us to otherwise enhance their drug law enforcement activities in the country would probably be a significant investment at a very cheap price. I concur with Bruce Bagley's suggestion that on the supply side we don't need a tremendous amount of resources to do what I think would be a serious effort. If you want a ballpark figure I think $400 to $500 million a year for 5 years would do the job. If we can use that money as a challenge grant to have other donors come in with matching resources, we could do a lot more than we have done up to now.

Professor CRAIG. I think I would agree wholeheartedly with the comments of Bruce and Dan, but I would also add that we need to be a little more optimistic about the situation to date than we have been. We're dealing with a situation of demand in the United States, a growing demand problem in other countries, limited resources, and limited government reach in source countries. Under these situations you have to deal with reality as it is. I don't believe our programs are nearly as great a failure as some people make them out to be. I'm optimistic in the sense that I'm beginning to see a new day dawning budgetwise, one of more balance. Bruce wants 75–25 in favor of the domestic side. I'd like to see it 50–50, because I think the supply side is also very, very important. One final caution would be to remember that no two countries are

the same, and a program that might work in one place won't necessarily work in another.

Mr. URRUTIA. I still think that the crucial thing in the handling of this problem is the education. The evidence with respect to decreases in smoking, which has been so absolutely spectacular, and the historical evidence with respect to cocaine suggests that education is the area that has the highest payoff. And so I think on the U.S. demand side there has to be much more money for treatment and education. And I still think that the best way to treat the supply problem from the Latin American countries is through private nongovernmental efforts from the industrialized countries to help in education and treatment which would create the conditions—the social conditions—to make supply diminish in those countries. The other subject which I think is very important is the subject of arms exports. I think the United States should look carefully at the problem of arm exports and legislation concerning that. That might have a tremendous impact not only on the drug problem, but also on other destabilizing problems in the drug countries.

Ambassador CORR. I think, as I said earlier, the main effort should be made at the consumption end in the United States and at the production end abroad, with a combination of income substitution and enforcement. I am reluctant to say exactly what I think the proportions should be. I think they must to be related to the absorptive capacity of each area in order for our money to be well used. I would like to see us move from about $25 million a year to around a couple hundred million dollars a year for income substitution development projects, plus more money for enforcement by narcotics producing countries. At the same time I would like to see us spending much, much more than that on the consumption problem in the United States.

Funding increases for curbing production and American consumption might be transferred from interdiction programs. I think we must keep the cost of doing business high for traffickers, but I think there is a limit on how much can be done effectively in this area. There is conventional wisdom that says you can never get more than ten percent of the traffic by interdiction. You could line ships up bow to stern around the United States but then the traffickers will fly over you, or get a submarine.

The consumption end, to me, is by far the most important. An actual division of funds by percentages is difficult. Secretary Bennett was quoted as saying in Newsweek that people need housing and people want food, but that does not necessarily mean they spend the same amount of money on both. We have to spend our money according to what is needed and what can be achieved. If pressed, I suppose I would suggest an allocation of the total Federal narcotics budget as follows: twenty percent for production (income substitution and enforcement abroad), twenty percent for interdiction and enforcement, and sixty percent to reduce American drug consumption.

Mr. AHEARN. Thank you all for coming. I'd like to thank in particular Congressman Rangel and the Select Committee on Narcotics Abuse and Control for asking us to put on this seminar. I'd like to thank Raphael Perl for organizing it, and especially the panelists for taking the time to share their insights with us. Thank you very much.

[The prepared papers follow:]

# NARCO-DIPLOMACY: DRUG TRAFFICKING AND U.S.-LATIN AMERICAN RELATIONS

(By Bruce Michael Bagley, Graduate School of International Studies, University of Miami, Coral Gables, FL, May 1989)

## INTRODUCTION

### THE SALIENCE OF THE DRUG ISSUE IN U.S. POLITICS

In 1988, U.S. public opinion ranked control of drug trafficking higher than immigration, foreign debt, and communist expansion in Central America as a priority issue in U.S.-Latin American relations. A March 1988 New York Times/CBS News Poll, for example, reported that 48 percent of the respondents considered drug trafficking to be the most important foreign policy issue facing the nation; no other issue received even half as many mentions. Further underscoring the salience of the drug issue, 63 percent stated that curbing drug dealing by Central American leaders was a higher priority than combatting communism in the region; only 21 percent felt that stopping communism was more important.[1]

Various factors combined during 1988 to heighten public concern in the United States about drugs. The exploding crack cocaine epidemic and accompanying increases in drug-related violence and deaths in many American cities was one. Widely publicized "drug" busts by U.S. law enforcement agencies and multiple instances of drug-related corruption among local, State and Federal authorities across the nation contributed as well.

The attendant rise in media coverage clearly fanned public awareness. The prominence given to drug abuse by First Lady Nancy Reagan's "Just Say No" crusade and by Democratic candidate Jesse Jackson during the 1988 presidential campaign lent additional visibility to the issue and prompted many other politicians from both parties to "get tough" on drugs. The absence of other major themes in the 1988 presidential campaign—the U.S. confronted no immediate crises either domestically or internationally at the end of Reagan's second term—produced an "issue vacuum" which the drug problem partially filled for both candidates.[2]

Unfolding events in Latin America also served to keep public and media attention fixed on drug issues. Among the most notable: the highly acclaimed arrest, extradition and trial of Colombian drug lord Carlos Lehder; the arrest and subsequent bribed release of another major Colombian trafficker, Jorge Ochoa; the indictment of Panamanian strongman Manuel Antonio Noriega in a U.S.

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[1] Elaine Sciolino with Stephen Engelberg, "Narcotics Effort Foiled by U.S. Security Goals," *The New York Times*, April 10, 1988, p. 1y, 10y.

[2] E.J. Dionne, Jr., "Drugs as 1988 Issue: Filling a Vacuum," *The New York Times*. May 24, 1988, p. 14y.



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court and his on-going defiance of Washington; the "deportation-kidnapping" of Honduran cocaine boss, Juan Ramon Mata Ballesteros, and the ensuing anti-American riots in Honduras; widely circulated rumors concerning Contra, Cuban and Nicaraguan involvement in the trade; and repeated allegations of high level drug corruption among Mexican, Caribbean, and Central and South American government officials.

Electoral rhetoric and media coverage unquestionably sensationalized the drug issue during 1988. But the press "hype" also reflected growing preoccupation in the United States with the heavy economic and social costs of expanding drug abuse at home and the intensifying threats to U.S. and Latin American national security interests abroad. According to the U.S. Chamber of Commerce, in 1988 substance abuse in the U.S. work force (including drugs and alcohol) may have cost the U.S. economy as much as $100 billion in lost production and productivity, job-related accidents and health care. Meanwhile, the enormous profits derived from the illicit trade spawned powerful criminal organizations whose economic resources, political influence and firepower gave them the wherewithal to destabilize or, in some cases, actually dominate outright various national governments in the region.

This essay assesses the status and prospects of the U.S. war on drugs at the end of the Reagan presidency. It begins with a brief overview of the scope of the U.S.-Latin American drug trade from both supply and demand sides. Next, the key components of the Reagan Administration's anti-drug strategy campaign in the 1980's are summarized. This synopsis is followed by a review of the major problems encountered in implementing the U.S. war on drugs in Latin America during Reagan's two terms in office. The essay concludes with an examination of the principal policy options available to the United States in the campaign against drug trafficking in the hemisphere at the outset of the Bush Administration.

## SCOPE OF THE U.S.-LATIN AMERICAN DRUG TRADE

### *Supply*

Seven Latin American and Caribbean countries accounted for most of the illegal marijuana, cocaine and heroin smuggled into the United States from the Western Hemisphere during the 1980s. Some 85 to 90 percent of all the imported marijuana that entered the U.S. market (10 to 12,000 metric tons in 1988) originated in one of four Caribbean Basin countries: Mexico (30%); Colombia (25–30%); Jamaica (10–15%); or Belize (5–10%). The United States itself produced an additional 2,000 tons annually.[3]

Virtually all the cocaine (more than 100 metric tons in 1988) was cultivated in three South American nations: Peru (50%); Bolivia (40–45%); and Colombia (5–10%). Colombia emerged in the 1970s as the principal refining country and for most of the 1980s controlled roughly 75% of all the refined cocaine exported from the Andean region to the United States. These same three countries, again with

[3] Rensselaer W. Lee III, "The Drug Trade and Developing Countries," *Policy Focus*, No. 4, June 1987. W.R. Surrett, "The International Narcotics Trade: An Overview of its Dimensions, Production Sources and Organizations." (Washington, DC: Congressional Research Service, The Library of Congress, October 3, 1988), p. 7.

Colombia in the lead, also exported approximately 40–45 tons of cocaine to Western Europe in 1988. In the second half of the 1980s, several other South American countries—Venezuela, Brazil, Ecuador, Paraguay and Argentina—also surfaced as coca producers, although still on a relatively small scale. This came about, at least in part, because stepped-up U.S. and Latin American enforcement operations drove some grower-dealers to search for cheaper and safer alternatives for cultivation and processing outside established coca-growing regions.[4]

Mexico was the only significant heroin producing country in the Western Hemisphere in the 1980s. About 40% of the estimated 7.0 metric tons of heroin smuggled into the United States in 1988 were grown in Mexico. The remainder came primarily from the Golden Crescent (especially Pakistan), and the Golden Triangle (especially Burma).[5]

*Demand*

In 1988, there were approximately 30 million marijuana smokers in the United States, 6.0 million regular users of cocaine and 0.5 million heroin addicts.[6] The wholesale value of all illegal drugs smuggled into the United States in 1988 was roughly $25–30 billion. At retail or street prices, the U.S. public may have spent as much as $150 billion on illicit drugs. The profit potential was obviously immense at all levels of the industry, although some 90% of the value-added was realized in the distribution process once the drugs had been brought into the United States or Europe. Only 8 to 10 percent of the profits accrued to Latin American or other Third World source and transit countries. How deeply the major trafficking organizations penetrate and profit from the distribution chain below the wholesale level was not fully known, but a large-scale, transnational criminal organization like the Medellin "Cartel" in Colombia, for example, was believed to gross between $2 and $4 billion annually in the cocaine trade, less than half of which is repatriated.[7]

## THE REAGAN ADMINISTRATION AND THE U.S. WAR ON DRUGS

President Ronald Reagan declared "war" on drugs in February 1982 and pledged his Administration to the task of curtailing America's burgeoning drug epidemic. To accomplish this urgent "national security" objective, the federal government rapidly increased expenditures for narcotics control programs both at home

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[4] *Ibid.* pp. 3–5. In Argentina, for example, the statistics on drug cultivation and use indicated that country was not in the same league with the principal producing or consuming nations. It was, therefore, remarkable that Argentine authorities seized more than one half ton of cocaine in 1987 when just three years before—1984—total confiscations had amounted to only 13 kilograms (26.4 lbs.) Argentine officials claimed they interdicted at best 10% of cocaine that passed through the country. In addition, during the first three months of 1988 three clandestine coca laboratories, two near the Bolivian-Argentine border and one in Buenos Aires, were raided, revealing that Argentina was not only a transit point but also a budding processing center as well. See Shirley Christian, "Drug Trafficking and Output Rising Sharply in Argentina," *The New York Times*, April 28, 1988.

[5] Surrett, *op. cit.*, pp. 1–10; Lee, *op. cit.*, pp. 1–12.

[6] *Ibid.*, Philip M. Boffey, "Drug Users, Not Sellers, Termed Key Problem," *The New York Times*. April 12, 1988, p. 5y.

[7] Lee, *op. cit.*, pp. 10–12. Bruce Michael Bagley, "Colombia and the War on Drugs," *Foreign Affairs*. Vol. 67, No. 1 (Fall 1988), p. 70.

and abroad, reaching $4.3 billion in Fiscal Year (FY) 1988. Strongly backing the president's initiative, the U.S. Congress enacted tougher national drug legislation, widened the U.S. military's involvement in the "war", funded the administration's drive to intensify interdiction efforts at U.S. borders and abroad, and expanded U.S. anti-drug programs in foreign source and transit countries.[8]

In mid-1986, following the widely publicized death of a college basketball star, Len Bias, from a cocaine overdose, U.S. political candidates from both parties leaped on the anti-drug bandwagon in anticipation of the November Congressional elections, often vying ferociously among themselves to propose the "toughest" anti-drug policies. At the peak of this pre-election frenzy in late October, the U.S. Congress passed—and President Reagan subsequently signed—the Anti-Drug Abuse Act of 1986. Without question this new law was the most comprehensive effort in modern U.S. history to lower domestic demand for illegal drugs and to reduce the flow of narcotics from Latin American and Third World source countries into the United States.

The Act was intended to attack the drug problem on a variety of fronts simultaneously: tougher enforcement in U.S. cities, more and earlier education in the schools, intensified testing in the work place, expanded treatment and rehabilitation programs for users, greater attention to prevention in the home and community, lengthier prison sentences for traffickers, increased federal support for state and local enforcement efforts, augmented interdiction at the border, and additional resoures for eradication, crop substitution and enforcement programs abroad. To finance this "full-scale" assault against America's drug epidemic, U.S. lawmakers authorized the Executive to spend an additional $1.7 billion in FY 1987, on top of the $2.2 billion previously authorized.[9]

From FY 1981 to FY 1987 authorized federal spending on drug control more than tripled, rising from $1.2 to 3.9 billion. Anti-smuggling funds alone reached $1.37 billion in FY 1987 (35 percent of the total federal drug abuse budget). The U.S. military was ordered to step-up its support of civilian enforcement programs. According to a June 1987 General Accounting Office (GAO) report, the total cost of the U.S. Defense Department's interdiction activities rose from a miniscule $4.9 million in FY 1982 to "an estimated $387 million in 1987 FY, mostly as a result of direct appropriations in the 1986 anti-drug law."[10]

Between FY 1980 and FY 1987, U.S. allocations for overseas narcotics control efforts quintupled, rising from $40 million to over $200 million annually. In addition, in 1986 Congress tied U.S. foreign aid to specific performance standards vis-a-vis crop eradication, spraying, and law enforcement efforts. For instance, sanctions

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[8] President Reagan was not, of course, the first U.S. leader to go after drugs. As early as 1914, passage of the Harrison Act made cocaine and opiates illegal. Both Presidents Nixon and Carter focused considerable policy attention on the issue during their terms in office. Nonetheless, Reagan's adept use of national television to dramatize his anti-drug proclamation and his administration's subsequent mobilization of substantial levels of federal resources to fight the war on drugs indicated that he assigned a higher priority to the anti-drug crusade than his predecessors. See J. Inciardi, *The War on Drugs: Heroin, Cocaine, Crime and Public Policy* (Mountainview, CA: Mayfield Publishing Co., 1986).

[9] W. John Moore, "No Quick Fix," *National Journal*, November 21, 1987, p. 2954.

[10] Cited in *Ibid.*, p. 2955.

were imposed on Bolivia in 1986 and again in 1987, mainly because Bolivia had not made a serious effort to eradicate a portion of its coca crop. In 1987, various U.S. congressmen proposed to "decertify" Mexico, Bolivia, Peru, Paraguay, and the Bahamas, in spite of the Reagan Administration's protests that such punitive measures would damage U.S. relations with those countries and inhibit future cooperation between them and the United States in the fight against drug trafficking. Although these Congressional critics proved unable to marshall enough votes to impose sanctions, their harsh condemnations of the Administration for failing to prosecute the war on drugs more aggressively were embarassing for the Reagan White House.[11]

As the Reagan Administration and the U.S. Congress got "tougher" with Latin American source country governments in 1986–87, U.S. "drug warriors" did register some impressive victories. Cocaine seizures, for example, rose from just 2 tons in 1981 to 27 tons in 1986, while local and state enforcement agencies captured similar amounts. In May 1987, the Drug Enforcement Administration (DEA) completed a three-year, undercover drug enforcement operation—the largest such program in federal drug enforcement history; dubbed Operation Pisces, this effort led to the confiscation of over 19,000 pounds of cocaine worth some $270 million at U.S. wholesale prices. Similarly, Operation Alliance—a multi-agency task force created in 1986 to curtail the flow of drugs across the U.S.-Mexican border—reported that seizures of marijuana in FY 1987 doubled the FY 1986 total while cocaine confiscations rose 400 percent. Arrests on drug charges also increased steeply and average prison sentences became significantly longer during the 1980s.[12]

War proclamations, bigger budgets and more seizures, arrests and convictions notwithsanding, however at the end of President Reagan's watch, the U.S. government was still losing the war on virtually every front.[13] Illicit drugs of all types—especially marijuana, cocaine and heroin—were more readily available and generally cheaper in the United States in January 1989 than they had been at the outset of the Reagan Presidency in 1981. Drug use and abuse in U.S. society had increased dramatically over the 1980s and the U.S. drug market remained the biggest and most lucrative in the world. Drug-related crimes and violence had reached epidemic proportions in many U.S. cities, greatly exacerbated by the rapid spread of a highly addictive form of cocaine known as "crack". The national public health system was unable to cope

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[11] The 1986 anti-drug legislation required the President to certify annually that the 25 major source and transit countries are "cooperating fully" with U.S. enforcement agencies. According to the provisions of the new statute "decertification automatically obliged the U.S. President to withhold half the U.S. economic and military aid package assigned to any country that failed to qualify and to vote against loans for such countries in multilateral insititutions such as the International Monetary Fund (IMF), the World Bank or the Inter-American Development Bank (IDB). In cases where the U.S. executive determined that "overriding national interests" were involved, these automatic penalties could be waived. For details, see Harry Hogan, *et al.* "Drug Control: Highlights of P.L. 99-570, Anti-drug Abuse of 1986." (Washington, D.C.: Congressional Research Service, The Library of Congress, 86-968 GOV, October 31, 1986.)

[12] Moore, *op. cit* p. 2956.; Bruce Michael Bagley "Winning Battles, Losing the War: U.S. Anti-Drug policies in Latin America," *Hemisphere*, Vol. 1, No. 1 (Fall 1988), pp. 31-31.

[13] U.S. General Accounting Office (GAO) *Controlling Drug Abuse: A Status Report* (Washington, DC: GAO/GGD 88-39, March 1, 1988) pp. 3-18.

with surging demand for treatment and rehabilitation. Law enforcement agencies were overworked, underfunded, often outgunned, increasingly demoralized and plagued with corruption. The nation's courts and prisons were overwhelmed by the influx of drug-related trials and convictions. In addition, the expanding economic and political power of the drug traffickers threatened, or already had compromised, the institutional integrity and political stability of several Latin American governments. Consequently, vital U.S. security interests in the hemisphere were in jeopardy.[14]

What went wrong? Why had one of the most powerful nations on the globe been unable to turn the tide, much less "win" its war against drugs? The conditions for conducting a frontal assault on drugs had been auspicious: outspoken public leadership by a charismatic and popular president, virtually unanimous congressional support, widespread public approval, massive deployment of economic and human resources, intense publicity from the media, eager cooperation from the private sector, and considerable diplomatic leverage with many supply or transit governments. Why did the Reagan Administration's popular and expensive anti-drug crusade produce such negligible results?

*Explaining the Failure*

Perhaps the most common line of explanation for this vexing policy failure alleges that the Reagan Administration, despite its tough anti-drug rhetoric, never actually went to war. Congressman Charles Rangel (D-NY), for example, repeatedly criticized the Reagan Administration for its unwillingness to allocate more resources for key drug prevention programs (e.g., education, treatment, rehabilitation), its lack of a coherent battle plan or strategy for prosecuting the war at home and overseas, and its failure to establish effective bureaucratic coordination and consistent leadership to guide policy implementation. He also repeatedly denounced the Reagan Administration's tendency to subordinate the war on drugs to other U.S. foreign policy interests and priorities, especially security issues.

Another congressional critic, Senator Alfonse D'Amato (R-NY) decried Reagan's conduct of the war on drugs for not being "tough enough" on drug traffickers. To correct this perceived weakness in the Administration's approach, in 1988 he personally led a campaign in the Senate to enact the death penalty for those convicted of murders arising from the sale of illicit drugs. His initiative was intended to serve as a deterrent and to highlight the sincerity of the U.S. government's commitment to the war on drugs.

Other hardline critics faulted President Reagan for not ordering the U.S. military to take a lead role in the anti-drug campaign at U.S. borders, on the high seas, and in foreign countries. Many also complained that the Reagan Administration failed to "get tough" with Latin American and other Third World source- and transit-country governments. For critics like former U.S. Senator Paula Hawkins (R-FL), Washington's reluctance to bring the full range of U.S. economic and political power to bear on foreign governments

[14] *Ibid*, pp. 19-40.

to force their cooperation with U.S. anti-drug programs abroad was the critical flaw in the conduct of the war on drugs.

*Inadequate Resources*

Just three months after signing the 1986 anti-drug statute, President Reagan submitted his FY 1988 budget in which he eliminated $1 billion from congressionally-authorized drug allocations. Among the key cuts: $225 million from state and local enforcement; half the funds for drug treatment; and $400 million out of drug education (down from $500 and $100 million). Although some protests were voiced by congressional critics, in practice Congress restored only a small portion of Reagan's cutbacks. The Administration's decision not to request reauthorization in FY 1989 for $1 billion in federal funding for local law enforcement, education and rehabilitation programs also weakened the war effort, both fiscally and psychologically. Aware that President Reagan had lowered federal spending on drug treatment and prevention from $200 million in 1982 to $126 million in 1986 and that he had deliberately delayed FY 1987 disbursements until the end of the fiscal year to help constrain the federal deficit, by 1988 many governors, mayors and local officials had become frustrated and confused about Washington's real priorities. As Congressman Charles Rangel (D-NY) put it, "these cuts seriously call into question the Administration's commitment to an effective national drug abuse strategy." [15]

*Lack of Coordination and Leadership*

In 1984 President Reagan created the National Drug Enforcement Policy Board to centralize U.S. government anti-drug programs. In March 1987 he broadened the board's authority to include not only enforcement but also prevention, education and treatment activities as well. Headed by Attorney General Edwin Meese and Health and Human Services Secretary Otis Bowen, the seventeen members of the board included all cabinet officers plus representatives from the Central Intelligence Agency (CIA), Office of Management and Budget (OMB) and the Vice President's office.

Despite Reagan's formal bureaucratic reorganizations, however, separate reports by the GAO and the House Committee on Government Operations in 1987 found that responsibility for U.S. drug policy remained "diffuse and overlapping".[16] The House report was especially critical of the Board's inability to resolve long-simmering interagency "turf battles" and its delayed implementation of mandated studies and programs. One notable example of this problem was the Coast Guard. Although one of its primary missions was to intedict drugs smuggled into the United States, in 1988 the Coast Guard estimated that it would conduct 55 percent fewer patrols than in 1987 as a result of a $100 million cost in its FY 1988 budget.[17]

For its part, the Pentagon consistently expressed its reluctance to get involved in the war on drugs, in part because of concern that

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[15] Pieter Kerr, "U.S. Drug Crusade I Seen Undermining Itself, *The New York Times*, October 26, 1987, p. 13y.
[16] Sciolino, *op. cit.*, p. 10y.
[17] *Ibid.*

the drug effort would divert funding away from the military's primary mission of defending U.S. security and in part out of concern that an expanded military role might expose the U.S. armed forces to corrupting influences.[18] Moreover, although the military had sporadically supported anti-drug operations by Customs and the Coast Guard since 1971, and more actively since 1981 when Congress revised the Posse Comitatus Act of 1878 to permit military personnel to get involved in law enforcement, the military's cumulative record as of 1988 revealed that its efforts had been—"only marginally effective." [19]

The congressional assumption that the U.S. Armed Forces could—if so ordered—interdict drug smuggling efficiently unquestionably overestimated the effectiveness of military action as an instrument of anti-drug policy. In fact, by 1988 most analysts had concluded that the U.S. military had neither the specific equipment nor the technical training required to undertake drug interdiction effectively. Despite the use of war analogies and the invocation of "national security" threats, the war on drugs is qualitatively different from the conventional wars the U.S. Armed Forces are designed to handle. Drug trafficking does not involve the incursion into U.S. territory of large groups of easily detectable, hostile forces. On the contrary, drug smuggling is by definition a clandestine activity undertaken by individuals or small groups with the express intention of penetrating U.S. borders undetected and then disappearing without a trace. Air Force combat planes, naval warships, army and marine combat units and military technology were not designed to fight this type of enemy. Moreover, given the status of the United States as one of the preeminent trading nations in the world, the almost infinitely variable channels of entry available to smugglers leave interdiction efforts—whether carried out by the military or law enforcement agencies—inherently incapable of seizing more than a small percentage (perhaps 10 percent) of the total flow of illicit drugs smuggled into the United States. Ironically, unless the U.S. borders can be sealed completely, U.S. interdiction programs simply raise the cost of smuggling activities, thus increasing (at least marginally) the profit incentives for future smugglers to engage in drug trafficking.[20]

In the face of mounting public skepticism, Attorney General Edwin Meese staunchly defended the Reagan Administration's conduct of the war on drugs arguing that "you have seen more progress and you have more cooperative activity taking place now than you have ever had in the history of the government." [21] Nonetheless, various legislators pressed for the appointment of a drug "czar" with cabinet-level powers and direct access to the President to resolve interagency disputes and coordinate the federal drug bureaucracy.[22] According to Senate Judiciary Chairman

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[18] Caspar W. Weinberger, "Our Troops Shouldn't Be Drug Cops," *The Washington Post*, May 22, 1987, p. C2; Donald Mabry, "The U.S. Military and the War on Drugs in Latin America," *Journal of Interamerican Studies and World Affairs*, (Vol. 30, Nos. 2, 3 Summer/Fall 1988).

[19] Richard Halloran, "In War Against Drugs, Military is Found Wanting," *The Nrw York Times*, May 30, 1988, p. 20y.

[20] P. Reuter, G. Crawford and J. Dave, *Sealing the Border: The Effects of Military Participation in Drug Interdiction*, (Santa Monica, CA: Rand Corporation, 1988).

[21] Kerr, *op. cit.*, p. 13y.

[22] William O. Walker III, "Drug Control and National Security," *Diplomatic History*, Vol. 12, No. 2, Spring 1988, p. 197.

Joseph Biden (D-Del), who introduced a bill proposing the creation of such a position in 1987: "There will never be a war on drugs until we have a full-time, top-level commander."[23] The Reagan Administration however, resisted this initiative on the grounds that it was more effective ". . . to let administrators work out policy disputes rather than impose decisions from above" because they are the ones ". . . who know what is happening out there." [24] Nonetheless, the 1988 legislation did include a provision for the creation of such a position.

*Clashes of Interests and Policy Priorities*

Despite the provisions of the 1986 law requiring the U.S. president to "decertify" drug-producing and drug-transiting countries that failed to cooperate fully with U.S. authorities, President Reagan never used his powers to punish a close U.S. ally. In 1988, for example, the Reagan Administration decertified only four nations—Iran, Syria, Afghanistan and Panama—none of which were recipients of U.S. economic or military assistance? Strategically important Turkey, in contrast, was not even mentioned on Reagan's State Department list, even though the DEA classified it as a major heroin-transiting country. In the Asian heroin-producing countries, most of which share borders with Communist nations, the struggle against Communist expansion consistently received diplomatic priority over the anti-drug war from Reagan. Likewise, the Reagan White House never imposed sanctions on Pakistan, even though that country was a major source of heroin, or on the Afghani "freedom fighters," despite their deep involvement in opium cultivation and trafficking. Indeed, when President Reagan met with a group of Afghan guerrilla leaders in November 1987, he reportedly did not even broach the topic of drug trafficking with them.[25]

In Latin America, too, the war on drugs was repeatedly subordinated to higher priority U.S. security concerns during the Reagan years. The Reagan Administration tolerated Noriega for years because he was a useful "asset", in spite of mounting evidence that he was involved in the drug trade.[26] U.S. intelligence sources first linked General Noriega to drug trafficking as early as 1972. A secret 1985 study written by the U.S. Army's Southern Command directly charged the Panamanian Defense Forces with involvement in the narcotics trade. According to former National Security Council Economist Norman Bailey, the State Department's attitude was "luke warm", the Pentagon did not want to "rock the boat," and the CIA actively opposed doing anything: "He's an important asset." [27]

In Central America, the U.S.-backed Contras were repeatedly accused of involvement in drug trafficking. Although no hard evidence implicating the principal Contra organization, the Fuerzas Democraticas Nicaraguenses (FDN) was ever produced, the CIA re-

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[23] Moore, *op. cit.*, p. 2958.
[24] Kerr, *op. cit.*, p. 13y.
[25] Sciolino, *op. cit.*, p. 10y.
[26] On the bipartisan aspects of this double-standard see Seymour M. Hersh, "Why Democrats Can't Make an Issue of Noriega," *The New York Times*, May 4, 1988, p. 31y.
[27] Sciolino, *op. cit.*, p. 10y.

portedly did have information that other Contra factions may have been involved, but did not pursue them aggressively because of the Reagan Administration's heavy commitment to the Contra movement. In contrast, with less-than-conclusive evidence, Washington publicly accused the highest levels of the Sandinista government of active participation in the drug trade?

As with the Contras, numerous allegations of Honduran military involvement in the narcotics trade surfaced in 1987–88. A DEA agent based in Honduras between 1981 and 1983 had reported that Honduran army and navy officers were involved in the transhipment of drugs through Honduran territory and in the protection of drug traffickers. Nonetheless, the DEA office in Honduras was closed in 1983 because it had not been "productive". DEA Chief John Lawn later explained that the evidence was too "weak" to merit investigation. According to one Reagan Administration official: "It wasn't that there was a coverup. It's that people knew certain questions shouldn't be asked." [28]

For Rangel, D'Amato, Hawkins and the other hardline critics of the Reagan Administration's anti-drug policies, the bottom line was that President Reagan talked tough, but had never really gotten tough. In practice, they contended, the high priority rhetorically assigned to the anti-drug crusade was undercut or diluted by federal budgetary constraints and competing domestic and foreign policy concerns. Their conclusion: the Reagan administration had failed to mobilize U.S. resources and power to press the war on drugs either at home or abroad.

While such critics frequently differed among themselves on specific tactics, the general thrust of their multiple policy recommendations reflected a broad consensus in the Congress that the U.S. government could and should escalate the war effort on all fronts: harsher penalties for both consumption and trafficking; more resources, manpower, and equipment to combat traffickers; tougher law enforcement and interdiction programs domestically and internationally; and intensified political-diplomatic pressures on (or sanctions against) uncooperative source and transit country governments. The hardliners also agreed that the U.S. Armed Forces and their counterparts in trafficking countries could and should assume key roles in the anti-drug campaign.

There were, of course, skeptics who did not share the hardliners' optimistic conviction that the "solution" to America's drug epidemic lay in further "escalation" of the war on drugs: e.g., civil libertarians, proponents of legalization or decriminalization and dissidents (including many Latin American leaders) who asserted that "demand" rather than "supply-side" policies and programs should be given priority. However, the hardliners' indisputably constituted the majority in Congress and their "get tougher" attitudes dictated the pace and direction of the "escalation" of the war on drugs during Reagan's second term.

The hardliners dominance in this issue-area was clearly evident in the budgetary priorities contained in the 1986 Anti-drug Act. Of the unprecedented $3.9 billion authorized by Congress for the anti-

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[28] *Ibid.*

drug effort in FY 1987, three-quarters were earmarked for expanded law enforcement, interdiction and eradication/substitution programs (supply) versus approximately one-quarter for education, prevention, treatment and rehabilitation (demand). In effect, the 1986 legislation maintained the same ratio between supply and demand strategies that the Reagan Administration had established at the outset of the war on drugs.[29]

Electoral posturing and partisan politics aside, the policy gap between Reagan and his Congressional critics on the drug issue was never as great the hardliners' rhetoric suggested, and ultimately proved relatively easy to bridge. At base, the hardliners' proposals added up to the recommendation that the Reagan Administration do "more of the same", only faster, better and on a larger scale. Along with Reagan, they agreed that the U.S. drug epidemic warranted a declaration of "war" and shared his predilection for "supply-side" strategies and tactics to combat it. In short, they conceptualized both the threat presented by the drug problem and the appropriate policy responses in fundamentally similar terms. Hence, the Congress' 1986 push for escalation of the war effort was, in the end, enthusiastically embraced by President Reagan.

*U.S.-Latin American Relations and the War on Drugs*

In practice, American drug diplomacy under Reagan achieved little besides raising levels of friction in U.S. relations with Latin America. In the words of one analyst, there was . . "too much pressure and too few incentives, too much fingerpointing and too little cooperation." [30] During the Reagan years, Washington neither provided Latin American governments with the economic or technical wherewithal required to combat drug trafficking nor developed a coherent drug-fighting strategy in the region.

Adequate resources are crucial to effective drug-control programs. While billions were spent (or misspent) in the 1980s, for most of the decade, U.S. drug-control expenditures in the Andean coca-producing countries never rose above $40–50 million annually. Perhaps another $20–30 million a year was put up by the countries themselves, principally Colombia. Meanwhile, the cocaine industry generated billions a year in U.S. wholesale markets alone and employed close to a million people (including coca farmers and laborers). Fabulous profits enabled the drug lords to buy protection firepower, fast aircraft and boats, informants and intelligence networks, and compliant government officials. By the mid-1980s, there was widespread consensus among Latin American political elites that the United States would have to curb demand for drugs at home substantially to make any real headway in the war on drugs: The wealth and power of the cocaine traffickers had become so

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[29] P. Kerr, *op. cit.*, p. 13y; also, H. Hogan, "Federal Drug Control: President's Budget Request for FY 1988," (Washington, DC: Congressional Research Service, The Library of Congress, 87-479 GOV, June 1, 1987).

[30] R.W. Lrr III, "Thoughts on the Drug War in Latin America." A paper prepared for the seminar on the "The U.S.-Latin American Drug Trade," held at the Graduate School of International Studies, University of Miami, Coral Gables, Florida, February 5–6, 1988.

great that they could not be controlled with supply-side strategies alone.[31]

Washington policymakers viewed Colombia and Mexico as principal theaters in the U.S. war on drugs in Latin America. Despite some successes, such as Mexico's effective crop eradication campaign in the 1970s and the U.S.-Colombian extradition treaty in the early 1980s, however, U.S.-Colombian and U.S.-Mexican drug diplomacy was cyclical, unilateral, and crisis-prone. Drug trafficking repeatedly surfaced as an acrimonious issue between Washington and both countries throughout the 1980s. In practice, this "ebb-and-flow pattern" was driven by Washington's perceptions of these countries' roles in the U.S. drug trade: "The larger the share, the greater Washington's pressure and more confrontational bilateral relations in general; conversely, when market share indicators are favorable, so too are relations writ small and large." [32]

United States policy toward Colombia provides a revealing case study of the inconsistencies in the U.S. war on drugs in Latin America. One of the most glaring deficiencies of Washington's strategy was the tendency toward unilateral decision-making within what should have been bilateral or multilateral consultative framework. Typically, the U.S. government pursued a cooperative strategy during the "peaks" of its dealings with Colombia. But during the "valleys" in the relationship—those periods when Colombia's share of America's drug market increased, during electoral campaigns, or in the wake of dramatic incidents—Washington frequently abandoned cooperation and acted unilaterally without consulting or even warning Bogota. In short, during "times of exasperation" over perceived Colombian inaction, American officials—all too often those not directly involved in the day-to-day anti-drug program—shifted to a "go it-alone and damn-the-torpedoes" mode.[33] While at times effective in the short term, in the long run these tactics actually reduced the chances for bilateral cooperation with Washington's drug war, and thus weakened rather than strengthened the U.S. anti-drug campaign.

From a policy perspective, it is astonishing how little was learned by either party in this "peak and valley" relationship. Neither the U.S. nor the Colombian governments developed a strategy to anticipate, much less resolve, these crises. Sequentially, the recurrent pattern was one of ". . . worsening narcorelations, unilateral American initiative and/or damaging incident, charge-countercharge, spillover into relations in general, escalating rhetoric from officials and media, mediation by cooler heads, binational conferences followed by words of praise for one side by the other, and improved cooperative efforts." [34] Then the cycle would start again.

President Reagan unquestionably assigned more financial and human resources to anti-drug programs in Colombia specifically and Latin America generally than any of his predecessors. But given the scope of the drug trade, the U.S. response under Presi-

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[31] Richard B. Craig, "U.S. Anti-drug Policy and U.S.-Colombian Relations," A Paper prepared for the seminar on the "The U.S.-Latin American Drug Trade," held at the Graduate School of International Studies, University of Miami, February 5–6, 1988.

[32] *Ibid.*, p. 2.

[33] *Ibid.*, p. 3.

[34] *Ibid.*

dent Reagan was obviously inadequate. In a very real sense, the Colombian government was force-drafted to man the front lines of the drug war without adequate resources, training or equipment. The results were fatal for many Colombian officials and public figures and debilitating for the political system as a whole. Yet, Washington continued to insist that Colombia had to take on the drug lords, no matter what the costs. Reflecting the Colombian government's growing dismay with U.S. policies, Francisco Bernal, head of Colombia's Narcotics Bureau, complained: "We're being left to fight this war alone. We're supplying the dead, the country is being destabilized and what help are we getting?" [35] Even President Virgilio Barco, who during the first two years of his government had cracked down on Colombia's drug traffickers, publicly expressed concern in 1987 that Colombia was unfairly "sacrificing" more than other nations.[36]

Many Colombians were especially incensed by what they considered to be the U.S. government's myopic obsession with extradition. In June 1987, intimidated by violent reprisals ordered by the Medellin Cartel, the Colombian Supreme Court ruled the 1979 U.S.-Colombian extradition treaty to be unconstitutional on procedural grounds. Irritated by this decision and irate about the December 30, 1987, release from jail of Cartel king-pin Jorge Ochoa, in January 1988 Washington stepped up unilateral retaliatory pressures against Colombia, carrying out lengthy customs checks for travelers and products arriving from Colombia. These measures prompted bitter complaints, fueled rising nationalist and anti-American sentiments, and led many Colombians (both in and out of the government) to conclude that U.S. authorities neither understood the country's precarious situation nor cared that the anti-drug war was undermining Colombia "both materially and morally." [37]

Although, the Reagan Administration remained adamant that extraditions were an essential anti-drug weapon, by mid-1988 it was apparent that there was little political or public support in Colombia for a renewal of extraditions. In May, former Justice Minister Enrique Low Mutra announced that the Barco government was studying the possibility of repudiating the 1979 treaty unilaterally. U.S. pressure tactics on the extradition issue proved to be not merely ineffective but actually counter-productive: The Barco government did not renew extraditions, became more wary of bilateral cooperation and increasingly emphasized the need for multilateral approaches to the region's drug problem.[38]

*Shifting Strategies and Tactics: The Omnibus Drug Act of 1988*

In late October 1988, visibly frustrated by the lack of tangible progress in curbing drug production, trafficking, consumption, and related violence—and faced with intense public pressure to "do

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[35] Alan Riding, "Colombians Grow Weary of Waging the War on Drugs," *The New York Times*, February 1, 1988, p. 8y.

[36] Bradley Graham, "Drug Killings Cow Colombians," *The Washington Post*, February 6, 1987, p. A14. Also, Juan G. Tokatlian, "National Security and Drugs: Their Impact on U.S.-Colombian Relations," *Journal of Interamerican Studies and World Affairs*, Vol. 30, No. 1 (Spring 1988).

[37] Graham, *op. cit.*

[38] Bruce Bagley, Colombia and the War on Drugs," *Foreign Affairs?* Vol. 67, No. 1, Fall 1988, pp. 70–92.

something" about the nation's "drug problem" in advance of the November 1988 presidential election—the U.S. Congress enacted yet another major piece of anti-drug legislation: The Anti-Drug Abuse Act of 1988. While retaining the longstanding emphasis on supply-side strategies typical of previous U.S. legislation, this law also incorporated a new focus on demand and highlighted it by earmarking 50% of the federal anti-drug funding in FY 1989 for domestic demand control programs. The ratio was mandated to rise to 60%–40% in subsequent years.[39]

This shift was not merely cosmetic nor simply a function of election year politicking; it revealed growing disillusionment in Congress with the ineffectual supply-side orientation of U.S. anti-drug policies during the 1980s. In effect, by late 1988 many congressional hardliners had reluctantly concluded that supply-side strategies were simply not going to get the job done. The shift was driven by failure.

The heightened priority assigned to demand-side measures in the 1988 law suggested that a conceptual transition away from supply-side policies was underway in Washington as President Bush began his term in office. The transition was, however, clearly partiai and incomplete. The nrw legislation did not abandon supply-side programs. Rather, it renewed or even increased federal funding for these efforts while simultaneously opening a second front directed at demand reduction in the United States. In early 1989, there was no indication that the incoming Bush administration or the Congress intended to drop or deemphasize supply control efforts. Without a significant decline in demand, however, there was little reason to believe that supply-side policies would be anymore effective in the 1990s than they had been in the 1980s. Are the new demand-reduction measures likely to bring about such a decline? The short answer is probably no, not soon anyway. Education, treatment, and rehabilitation at best are incremental, long-term policies—if they work at all.

Unfortunately, no single approach or combination of approaches can realistically be expected to provide a "silver bullet", a policy "quick fix", that will magically resolve the America's drug scourge in the short to medium term? The reason lies not in a lack of policy creativity or political will, but rather in the magnitude and complexity of the drug "problem." The roots of drug consumption and drug trafficking go deep into the increasingly interdependent economic, social, and political structures of both U.S. and Latin American societies. They will not, therefore, yield readily to topical treatments directed at symptoms. "Victory"—understood here as effective control rather than total elimination of drug abuse and trafficking—in the war on drugs will require major social-structural transformations on both sides of the supply-demand equation that cannot be achieved easily or painlessly.

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[39] C. Mohr, "Drug Bill Passes, Finishing Business of 100th Congress," *The New York Times*, October 23, 1988, p. 1y, 16y. Charles Doyle, *et. al.*, "Anti-Drug Abuse Act of 1988" (HR5210, 100th Congress: Highlights of Enacted Bill.") (Washington, DC: Congressional Research Service, The Library of Congress, November 16, 1988).

*Policy Options*

Acceptance of this perspective suggests two general policy recommendations regarding the future conduct of the war on drugs. The first involves the importance of developing and sustaining coordinated, multilateral approaches toward the control of international drug trafficking to replace the ineffectual unilateral or bilateral pressure tactics which have characterized Washington's supply-side approach. There will undoubtedly be glitches, frustrations, and backsliding in this process, but, over the long run, multilateral action against the international drug trade is indispensable.

A logical corollary to coordinated, multilateral action is the recognition of the need to undertake long-term institution-building efforts both nationally and multilaterally to improve regulatory and enforcement capabilities throughout the hemisphere. To be viable, such institution-building efforts almost certainly will have to be coupled with renewed economic growth in the region. To generate the political will and economic wherewithal necessary to get institution-building processes underway, alternative economic opportunities for the hundreds of thousands of Latin Americans reliant upon the drug industry will be critical: compensatory flows of foreign exchange earnings for drug-dependent economies and higher levels of resources for financially strapped national governments will have to be found. The documented corruption of military-dominated governments in countries like Bolivia and Panama reveals the dangers of reliance on military rather than civilian institutions in the war on drugs.

The second policy recommendation is that demand-side of the drug equation must receive considerably more attention than it has in the past if real progress in the war on drugs is to be achieved. The huge profits that stimulate production and trafficking, and that fuel the violence and criminality associated with international drug dealing, must be eliminated or at least reduced significantly. Otherwise, the logic of supply and demand within the international economy will inexorably reproduce the conditions that foster drug trafficking, while simultaneously undercutting efforts by state authorities—in developing and developed nations alike—to rein in the traffickers.

How can demand be reduced in practice? Despite years of "warring" on drugs, neither the scientific nor the policy communities in the United States have developed reliable blueprints for effective and affordable demand reduction programs. The study of "addictionology" (that is, research on the physiological, medical, psychological, socio-economic and cultural factors that engender drug abuse and development of appropriate techniques to treat and rehabilitate users) is still very much in its infancy, although some promising possibilities have emerged. To remedy this deficiency, calls for a federally-financed "scientific" war on drug addiction have become increasingly frequent in the United States. The 1988 Act stepped up support for research on these topics, but did not au-

thorize the funding levels required for a major federal effort on this front.[40]

Recognizing the importance of removing the profits from the drug trade, some analysts in the United States and abroad have proposed legalization of some illicit drugs (e.g., marijuana) and decriminalization of most others (e.g., cocaine, and heroin). Such a radical policy shift would almost certainly remove the high profit margins involved in illegal drug smuggling and distribution, and thus eliminate the driving force behind drug-related crime and violence. The potential reductions in budgetary outlays for law enforcement and prisoner maintenance, along with the possibility of increased tax revenues through government regulation, make this alternative economically attrative. Widespread moral-religious opposition to narcotics and serious concerns about the public health and economic productivity consequences of increased drug use in U.S. society, however, make such a move politically infeasible for the foreseeable future. If existing legal prohibitions against drug consumption are ever lifted in the United States, this step will be taken only after a majority of the U.S. public reaches the conclusion that all other approaches purporting to deal with the U.S. drug problem had been tried and failed. The predominance of anti-drug hardliners in Washington policymaking circles during the 1980s indicates that any such political consensus in the United States is still quite remote.

If major breakthroughs in addictionology or a radical reversal of current prohibitionist policies are discounted as improbable, at least during the next four years, which demand-control strategy is the Bush Administration likely to pursue? Reagan's 1988 executive branch actions, combined with the new measures mandated by the 1988 law and president-elect Bush's own well-publicized anti-drug views, suggested that the demand-side would receive substantially more attention and resources under Bush than it did under Reagan. At the same time, considerable ambiguity remained regarding which approaches to demand-reduction would be emphasized. In broad strokes, two separate, potentially contradictory, policy tracks could be identified amid the welter of demand-side plans and programs circulating in Washington in early 1989: 1) an educational/treatment track; and 2) a criminalization/punishment track.

With regard to the first, the 1988 legislation emphasized the urgent need to expand and improve federal drug education and treatment programs. It specifically designated treatment "on demand" (within one week of application) as a national priority and authorized increased federal funding for construction of the facilities required to meet this ambitious goal. The new law also provided for expanded federal funding for drug prevention and education programs at the local, state, and national levels.[41]

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[40] For a review of recent prevention, treatment, and education programs and research, see E. Klebe, "Drug Control and Abuse: Prevention, Treatment, Education." (Washington, DC: Congressional Research Service, The Library of Congress, 88-500 GOV, July 22, 1988); Doyle, *et. al., op. cit.*, p. 3.

[41] J. Yang, "Congress Passes Anti-Drug Bill Including a Death Penalty," *The Wall Street Journal*, October 24, 1988; Doyle, *et. al., op. cit.*, pp. 3-5.

Undercutting this rhetorical commitment to treatment and education however, the funds actually appropriated by Congress for these programs in the FY 1989 budget fell far short of the levels required to achieve the objectives outlined in the new legislation. In light of the federal government's severe fiscal deficit, at the outset of the Bush presidency there was no certainty that the necessary resources would be forthcoming from the 101st Congress.[42]

The second policy track apparent in the 1988 legislation placed heightened emphasis on the penalization of both drug users and dealers. For example, the new law included new civil penalties for consumers, authorized the executive branch to deny federal benefits to convicted users, and established a (non-mandatory) federal death penalty for some drug-related murders. It also increased federal support for local and state as well as federal law enforcement programs, raised the budget for the military's interdiction efforts, and expanded federal authority to prosecute money-laundering operations.[43]

Congressional efforts to reduce demand by more heavily penalizing consumption were paralleled by new executive branch measures to identify and sanction drug users. In 1988, the scope of federal testing programs was expanded to include all transportation-sector workers—more than four million—because of their responsibility for public safety. In the same vein, the Reagan Administration also actively promoted the extension of testing programs to state and local levels and to the private sector.[44]

*Conclusion*

The education/treatment track conceptualizes drug consumption (demand) as a social and public health problem and seeks to cure it. The criminalization/penalization track, in contrast, views both drug use and drug trafficking as criminal activities and seeks to repress them. Philosophically, these two tracks part from fundamentally different premises. In practice, they imply alternative public policy priorities and patterns of resource allocation which, at best, will compete with each other for scarce resources and, at worst, may well become mutually contradictory. If drug consumption is primarily a public health problem, coherent public policy should assign resources on a priority basis to education, prevention, treatment and rehabilitation. Alternatively, if it is primarily a criminal problem, funding priority should logically be placed on testing, law enforcement, criminal prosecution, and incarceration.

If both approaches are pursued simultaneously, U.S. budget realities will dictate inadequate resources for both. If personal consumption is severely sanctioned, users may be less likely to undertake treatment voluntarily. If jobs and government benefits are denied to users, the ranks of the unemployed, and (potentially) criminal, may increase and treatment and rehabilitation might become more difficult to carry out. More convictions and stiffer jail sentences will further drain public resources, overload the court system, and

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[42] "The Drug Bill's 2.3 Billion Promise," *The New York Times*, October 25, 1988, p. 26y.

[43] See Perl, *op. cit.*; "Hitting Kingpins in their Assets," *U.S. News and World Report, December 5, 1988.*

[44] Martin Tolchin, "The Government Still Wants to Test Millions for Drugs," *The New York Times*, March 26, 1989, p. 5E.

overcrowd the jails. Under such circumstances, the already dismal rehabilitation record of the U.S. correctional system could well get even worse.

Like the hardliners on the supply-side, advocates of the domestic criminalization/penalization track assume that state repression can be an effective tool for reducing drug use. The key questions regarding this policy track are whether or not tougher enforcement and harsher civil and criminal penalties will, in fact, reduce drug consumption? By how much? At what cost to the taxpayers? At what cost to civil liberties in the United States?

Proponents of the education/treatment track, in contrast, generally view prohibition and state repression as costly, ineffective, aud potentially counterproductive. They usually advocate some form of legalization or decriminalization combined with greatly expanded prevention and rehabilitation efforts nationwide. Key questions on this side of the debate concern the effectiveness of treatment and rehabilitation programs and the potential adverse consequences of increased drug use and abuse for U.S. society as a whole.

Despite President Bush's claim in his inaugural address that "this scourge will end," the likelihood that the war on drugs will be "won" during his Administration is very low. Demand for drugs in the United States will remain substantial, even if it does not expand further in the foreseeable future. Moreover, demand in Europe is growing fast. If there is demand, there will be supply. Intensified repression at home and abroad may well increase, rather than decrease, drug-related violence in coming years. During the 1990s, drug consumption and trafficking almost certainly will remain major issues for both the United States and Latin America. The potential for counterproductive conflicts and mutual recriminations is immense.

Recognition of this reality is one of the first tests the Bush Administration must pass if any progress against the drug problem is to be achieved. Rather than judging Bush on whether or not he is able to "win" the war on drugs outright, the standards established for evaluating his government's record in this issue area should be far more modest and practical. Will he be able t.o move away from the counterproductive cycles of rhetorical denunciation and tension that have characterized U.S. narco-diplomacy in the 1980s? Will he be able to enlist the cooperation of other nations in the hemisphere on a sustained basis? Will he be able to help create and maintain the multilateral mechanisms that are essential for any long-term reduction of the flow of drugs into the United States? Will he prove willing to dedicate the leadership and resources at home that are needed to lower domestic drug-consumption and related violence in the United States? If President Bush makes even modest progress in these areas during his term in office, his conduct of the war on drugs should be considered successful, even though the "scourge" has not "ended" altogether.

## LESSONS LEARNED BY THE U.S. REGARDING CROP SUBSTITUTION AND INTEGRATED RURAL DEVELOPMENT PROJECTS

(Remarks by Daniel A. Chaij, Senior Development Coordination Advisor, Bureau for International Narcotics Matters, Department of State)

Let's first take a look at the lessons learned about crop substitution. I have the dubious honor of having been the author of the first crop substitution project in Bolivia in the mid-70's and after much research on this subject, one thing I can categorically say is that crop substitution as an economic concept does not work. Coca does not have an economic alternative in any agricultural crop as such, and once coca is in the ground, the farmer—as he sees his economic costs—thinks coca doesn't cost him anything. They don't quantify the value of farm labor; they don't do many things in a true accounting manner. Alternative crops and off-farm employment can contribute to replacement income but have a limited value as an incentive for farmers to eradicate coca fast enough or in any meaningful manner. As you heard said this morning, probably for every hectare of coca eradicated, ten or more hectares were planted just last year alone. This is not the way we're going to win the war. Broad-based integrated rural development schemes are very costly. They require a long-term commitment. They need to be done in reasonably well-endowed areas whereas the Chapare or Upper Huallaga Valley for the most part should be reforested and people should farm elsewhere. From an agronomic perspective, the soils are not very good, and there are many other disincentives. Just their location alone is a daunting challenge to anyone wanting to make it a rational economic enterprise. Agricultural projects, which many of us have at one point or another supported as development activities, have always lacked a practical marketing component that really provided the farmer with a place to sell his product. Right now you can grow watermelons, pineapples or bananas in the Chapare of Bolivia and two truckloads of the product will saturate the Cochabamba market. There are no easy solutions and most certainly there are no magical crops that will approximate the economic value of coca.

Projects and strategies involving denial of assistance for failure to cooperate in coca eradication are counterproductive. For example, denying assistance to farmers who still are growing coca is likely to drive disqualified farmers into the fold of subversive groups, or at least undercut U.S. influence in other areas and fail to attract vital local support for the crop substitution project.

## Political Resolve and Financial Resources Required

Political will can be pragmatically defined as getting governments to do something they don't want to do. Some of us maybe can be more persuasive than others in making that happen, but the reality from a very practical point of view, I think, is to recognize that the countries with narcotics demand have to come up with the resources that will convince the governments of the producing countries that they can take the political heat that will inevitably come from any enforcement action against narcotics.

A narcotics suppression program can be either bilateral or multilateral. Let's briefly discuss some of the problems we have encountered bilaterally. You have some advantages, but frankly they are very few. They are easier to mount, to get started. They are easier to control and to fine tune them to U.S. domestic political objectives. The disadvantages, however, are overwhelming. Political exposure is heightened and unshared; anti-narcotics operations may clash with other U.S. policy objectives; anti-American demagogues can easily exploit our involvement; and, the U.S. presently lacks adequate financial resources to effectively achieve the coca eradication objective. In fact, on this latter point of resources, one could characterize U.S. economic assistance to narcotics-growing countries as something like quibble, nibble, and dribble. This approach, of course, is not going to get us anywhere. Coca eradication is a long-term effort requiring major funding which also speaks against bilateral approaches.

## A Multilateral Coca Eradication Concept

Extensive research conducted in the past few months and exploratory talks with a lot of representatives of potential donors, like the European Economic Community in Brussels, some of the governments of Europe, like the U.K., the Federal Republic of Germany, Italy, plus Japan and Canada, have persuaded us that we need to decide in a very serious manner that for the many reasons stated and the many more that could be added, we need a multilateral approach to coca reduction. This multilateral approach can take the shape of a very informal donor group, or it can be formalized into a consultative group under the World Bank or IDB or under the auspices of the organizations mentioned below. The fact remains that we need not only to multilateralize the effort for very strong political reasons, but also we need to multilateralize it because indeed the problem is a global one. It is also a problem where resources are required in magnitudes which exceed the capability of any one consuming nation. The financial requirements are medium-term maybe a 5-year effort with contributions from donor countries of several billion dollars plus additional contributions by international institutions—including dealing with debt service arrearages of Peru.

We should think of the multilateral effort in different perspectives than we have up to now thought of development. Narcotics control is not synonymous at all with development objectives. Therefore, let's look at it from a macro-level. We should seek a multilateral conduit that will affect economic or resource transfers to the producing countries' central banks. There are three existing

conduits: UNFDAC, the UN Fund for Drug Abuse Control, the OAS, and the Andean Development Corporation (CAF) which is part of the Andean Pact organization, formed by the five Andean nations as a small development bank. CAF is a highly effective, efficient, operating institution. One of these channels, if you want to use an existing one, could be an ideal conduit to make resource transfers to the central banks. What level of transfer? Again, that should be quantified carefully in relation to not only the political costs of trying to effect coca reduction, but also recognizing the dislocation that the economies of the producing countries are going to suffer in redirecting their activities.

There are powerful incentives in the Andean coca-producing and trafficking countries to leave bad enough alone. Each country earns substantial foreign exchange from the narcotics system—between $400 million to $1 billion, depending on the country. A significant number of the economically active population is employed, directly or indirectly, by the narcotics system. Employment substitution in countries with high unemployment and underemployment is critical to democratic survival. Coca production and processing takes place in guerrilla-dominated areas in Peru and Colombia and these governments have no choice, if they are to prevail, but to give priority to dealing with armed subversion.

This means that the incentives must be equally powerful if the leaders of these countries are to undertake a narcotics suppression effort of the magnitude necessary to eradicate illicit production of coca. It is this political choice that requires the macro-level cash transfers proposed. These same cash transfers will, in turn, generate local currency which the governments can use to fund projects and activities at the local level which will help make the economic transition possible from being a coca producer to either engaging in legitimate agriculture or find other productive employment, in that area, or elsewhere in the country. Implementation and management of the local currency generated by the macro cash transfers must be entirely in the hands of the host country government. They must have the ability to respond to their people, and resolve the economic and social issues which will arise from effective narcotics suppression, without outside interference. This is politically important for the donors as well as for the receiving country.

Control over the use of U.S. funds can be maintained by our role in the donor group established and in monitoring actual operations involving use of local currencies generated. In negotiating with the recipient countries, not only can conditionality be agreed upon but emphasis should be given to maximize the involvement of cooperatives, non-governmental organizations, labor unions, associations, trade groups, and similar organizations who can be very effective in the implementation of projects.

This is a possible model of how to approach coca reduction. If we do it, recognize that it is going to be a medium-to-long-term effort, and it is going to take substantial levels of funding and should be a joint effort by the community of nations who recognize the universality of the problem—curtailment of supply of the most pervasive and pernicious narcotic being used. This might not be the end of the story, but it is a necessary step.

Thank you.

# THOUGHTS ON SUPPLY-SIDE ISSUES IN DRUG CONTROL FOR CONSIDERATION IN DEVELOPING THE NATIONAL DRUG CONTROL STRATEGY

(Remarks of Ambassador Edwin G. Corr at the Congressional Research Service Seminar: "Drugs and Latin America: Economic and Political Impact and U.S. Policy Options" Washington, D.C., April 26, 1989)

[Note: The following is the text of remarks prepared for the use at the Seminar. The oral presentation was actually much shorter and keyed to the other panelists' comments and interventions.]

## I. Introduction

Much has been written and discussed about drug control and strategies to resolve the abuse problem. Many types of anti-drug operations have been tried with varying levels of success. The degree of understanding about the way drugs are produced, processed, shipped, distributed and consumed is great. What is needed is to pull together our experience, to assign priorities to the various action areas in the chain from production to consumption, to use our always limited resources in the most effective manner possible, and to comprehend that though the battle demands a maximum effort, there are not quick-fixes nor immediate solutions. In my opinion it may take twenty to forty years to make the problem acceptably manageable (not eliminate it), and this will involve difficulty to achieve cooperation among many nations of the world. The goal during this Administration should be definitely to turn things around and set the United States and the world on a course to a very low level of drug abuse.

Emphasis is often placed on "national will" as being key to the solution. In a sense this is true, and it is encouraging to see that President Bush and the Congress are giving constant attention to the problem. However, the ability of agencies to resist outside direction, to guard their own budgets, and to present normal programs as major narcotics efforts in order to capture more funding is not to be underestimated. The test of our Federal Government's determination will be seen ultimately in the degree to which—once national priorities for action and total resource allocation are established—government agencies budget's and actions are modified to conform to the national strategy.

The establishment of the Office of National Drug Control Policy under vigorous, tactful and intelligent leadership with the full backing of the President and the support of the Congress is an important achievement. The problem has long been divided into supply side and demand side. This paper will focus on supply side aspects of the problem. It is not an attempt to suggest a comprehensive strategy for supply-side control. The paper will, however,

touch on a number of subjects that should be considered and treated in devising an over-all plan to reduce the supply of narcotics in the United States.

## II. Priorities Within An Over-All Strategy For Narcotics Control

The narcotics abuse problem has normally been divided into supply and demand aspects, and further broken down into a chain of stages from production to consumption. The links of the chain can be conceptualized at various levels of specificity, one being: production, processing, transportation, entry into the American market, distribution, and consumption. On the supply side it has become customary to discuss such areas of action as international and bilateral cooperation, eradication, interdiction, financial investigations, and, until recently, targeting of large traffickers to the exclusion of punishment of users. The demand side has addressed such areas as prevention, education, treatment and rehabilitation.

Practitioners working in narcotics control used to suggest, theoretically, that if any single link in the chain could be broken completely, the total problem would be resolved. Not surprisingly, officials from enforcement agencies rationalized that the key and most vulnerable links were interdiction and/or enforcement related; diplomats and foreign assistance specialists argued for crop eradication and enforcement close to the source of production; and health workers saw reduction of consumption as key (as do officials of key foreign narcotics producing and transiting countries).

Experience and logic would combine to conclude that American narcotics control efforts probably should be directed at all links of the chain in order to keep traffickers off balance and their costs of conducting business high. At the same time, limits on resources and judgments as to where efforts and successes could have the most lasting effects in reducing the over-all problem require discrimination and a setting of priorities for allocations of efforts and resources. This is the very essence of an effective national narcotics control strategy.

The profits of narcotics traffickers are extremely high. It probably is impossible to raise the costs of doing business so high through interdiction and enforcement efforts that it would have a lasting effect on trafficking. The loss of expensive aircraft or ships are easily recuperated by narcotics traffickers in the ample revenues gained. Moreover, in reaction to high cost interdiction operations off a stretch of our coast or intensified enforcement efforts in a specific American region, traffickers have merely avoided that area until the operation ends and utilized other routes for other destinations. There seems to be no lack of eager candidates to replace major traffickers who are removed from the trade by prosecution.

We know that significant drops in the abuse of drugs in the United States have occurred after successful eradication programs. For example, heroin abusers were significantly reduced in the United States after the successful and lasting Turkish eradication program in the 1970's. Abusers fell from a high of about 700,000 to 300,000. Admittedly the number grew again to about 450,000 be-

cause of the advent and influx of the Southwest Asian heroin. There also are indications of temporary American consumption reductions after other partial and *temporary* production reductions of marihuana in the Guajira of Colombia and in Mexico, and of heroin in northeast Thailand and in Pakistan. (Persons who would argue against eradication as a top priority would say that displacement of production makes it ineffective. This will be treated below.)

The position of this paper is that priority in a national narcotics strategy should be put on the two links at the end of the chain: production and consumption. This does not necessarily translate directly to expenditure levels. As Secretary Bennett was quoted in *Newsweek*, a family requires both adequate housing and sufficient food but this does not necessarily imply equal levels of spending. Levels must be related to absorptive capacity and cost benefit analysis of activities. Conceivably, a lower priority link might merit more spending than a higher priority link. We should, however, assure that American Government funding for eradication (coupled with enforcement in the country of eradication) and funding to combat drug consumption in the United States are as close to maximum absorptive levels as possible, because successes in these areas are more cost effective and lasting. Given the constant of budgeting constraints, decision-makers should opt to fund programs to eliminate the production and consumption of drugs to the highest level possible within absorptive capacity levels, while continuing actions at a lesser priority on other links in the chain for the purpose of harassing drug traffickers and keeping their risks and cost of doing business high.

## III. Some Thoughts For Consideration In Preparing The Overall Supply-Side Portion For The National Strategy For Narcotics Control

### A. FUNDING LEVELS FOR DEVELOPMENT ASSISTANCE FOR INTERNATIONAL NARCOTICS CONTROL

One must avoid the errors of single factor causation, especially in such a complex area as narcotics control. Temporary and lasting successes attained in curbing drug consumption of heroine and marihuana in the United States, nevertheless, point toward successful programs in international narcotics control efforts. Ironically, funding levels for international narcotics control programs have always been very small in comparison with total federal government expenditures, and the percent of spending on such programs has not kept pace with the enormous growth of funding for narcotics control. If state and local expenditures on narcotics control are included, the percent of American resources allocated for international narcotics matters is really low.

Federal Government expenditures for narcotics control and treatment in 1969 were only about $82 million; by 1980 they were approaching a billion dollars; and today they are projected at several billions of dollars. Funding for international narcotics programs through the Department of State have more than doubled and enforcement agencies have increased their assets and agents abroad. The most costly and essential element to successful eradication and the gaining of foreign governments' support and actions in narcot-

ics control has been stagnant, however. Development assistance funding for income substitution projects for poor growers of narcotics crops and adequate economic assistance for non narcotics related projects but linked to host government narcotics control actions have been totally inadequate.

At the beginning of the 1980's, AID was spending about $25 million annually on income substitution projects in Bolivia, Peru, Thailand and Pakistan, and AID approval of such projects was extremely difficult. Having served as Ambassador in Bolivia and Peru when such projects were elaborated, having served in Thailand and visited projects in Pakistan, I can assure you that the amounts of money involved were too small to elicit the kind of host government and public support required. My understanding is that levels of annual expenditures for development assistance for "income substitution" projects have remained at about the same level. Moreover, the amounts of total economic assistance to key narcotics producing and trafficking countries have become insufficient to influence greatly their actions.

The United States Government, directly and through international organizations, should probably be spending about $200 to $250 million dollars annually on income substitution projects. More than this amount probably could not be spent well. This, combined with other diplomatic actions, would be enough to induce host governments to more meaningful action in narcotics control.

### B. THE NEED FOR INTERNATIONAL COOPERATION AND A MORE HOLISTIC APPROACH IN DEALING WITH MAJOR NARCOTICS PRODUCING AND TRANSITING COUNTRIES

Major narcotics producing and transiting countries are almost without exception countries with tremendous social, economic and political problems. For the sake of simplicity they can be divided on the one hand into countries whose governments are hostile toward the United States and/or whose internal problems are so chaotic that effective narcotics control programs are not likely (e.g., Iran, Lebanon, Laos, Afghanistan, Cambodia). On the other hand, there are the major narcotics countries whose governments are to varying degrees cooperative with the United States (e.g., the Latin American countries, Caribbean nations, Pakistan, Thailand, Turkey).

Different approaches must be taken to each category. For the hostile, inaccessible narcotics countries the emphasis must be on a multi-lateral effort through international entities (such as the United Nations) and other countries, not to exclude the Peoples Republic of China and the Soviet Union in this age of *perestroika* and *glasnost*. In countries such as Afghanistan, Laos, and Cambodia the Chinese and Soviets could be very helpful. With respect to countries such as Iran and Lebanon there is probably little that can be done until matters change, although other Muslim countries and the United Nations might have some success with Iran.

With respect to countries where there is access and possibilities for greater cooperation, there is a need for the United States to take a more holistic approach to each of them in terms of their problems and our over-all foreign policy objectives. These countries,

as stated, are to varying degrees confronted with an array of tremendous problems. They do not have adequate institutional capacity to deal with all their severe problems simultaneously. They need help! And most of them want help. But they generally would like for that assistance to be part of a more harmonious and coordinated approach that takes into account all their major difficulties, not an isolated narcotics effort that is too often seen as disjointed from, if not incompatible with, the resolution of other problems of similar concern and priority to the major narcotics country.

The State Department should be tasked to present to the Commission a study on each of twelve to fourteen major narcotics countries that would set forth what might be required to get truly effective narcotics control actions by each of the major narcotics countries' governments. Such a study would examine our own foreign policy objectives in that country (e.g., narcotics control, non-nuclear proliferation, democracy, etc.) the host governments' principal concerns (e.g., external debt, insurgency, stability, economic growth, etc.), and what actions the United States Government might take and what levels of assistance might be necessary (with proper conditions and linkages) to achieve desired actions by governments in narcotics control. The studies would show for each major narcotics country how in an ideal world the United States Government could proceed with resources and diplomacy to assure maximum government cooperation and action on all our goals, and especially on narcotics control. The country studies should be done in the geographic bureaus concerned and coordinated by the Bureau of International Narcotics Matters. The studies would surely engender resource requirements and call for legislative actions regarding such things as access to our markets, debt relief arrangements, etc., that would be controversial and difficult to achieve. However, if we are truly serious about narcotics control, such analyses would establish the outlines for utopic courses of action, and programs could then be devised with such plans in mind within permissible resource allocations.

Such an approach would be particularly advisable for coca control, which is the area of narcotics abuse that is growing in the United States. Coca for illicit use is grown primarily in Peru, Bolivia and Colombia with some spill over into neighboring countries. It is unlikely that Peru and Bolivia will be able to make progress on coca control without prior and/or concomitant progress on such things as foreign debt, insurgency, economic growth and political stability. We should seriously analyze what might be required over a five year period to help these countries on the road to resolving their major problems, especially coca control, which is of tremendous interest to us. The total cost might be cheap in the long run.

### C. COMMENTS ON SPECIFIC ISSUES RELATED TO INTERNATIONAL NARCOTICS CONTROL PROGRAM

#### *1. Commitment*

The question of commitment is a perennial one. Commitment of governments, both developing and industrialized, to narcotics control is invariably mixed and changes with time and conditions. As a rule, in developing countries the commitment to narcotics control

is often less because the demands for political stability and economic and social development are frequently so great that the question of narcotics abuse is relatively less important and immediate. Growing abuse problems in the developing countries are changing this however. The key is to work with and promote those elements in society that are truly concerned about narcotics and are honest and committed. The international community must help them to gain influence within their country and to carry the remainder of government and society along with them.

*2. Eradication*

Eradication of any cash earning crop is extremely difficult in any society. Eradication of poppies in Turkey was such a volatile issue that a government fell and United States-Turkish relations reached an all-time low because of it. The Thai Government with the god-king using his considerable influence took years to bring about crop reduction in Thailand. There have been confrontations with peasants, violence and deaths as a result of Peruvian and Bolivian eradication efforts. One only need imagine the reaction of American tobacco growers had the United States set out to eradicate tobacco cultivation immediately after the Surgeon General released his first report declaring smoking to be injurious to one's health.

Experience demonstrates that eradication of narcotics crops is possible, cost effective, and can be lasting. This has been shown in Turkey and Thailand, and there have been other temporary successes later eroded or reversed. Eradication is particularly difficult in traditional growing areas, i.e., where the narcotics crop has been grown for more than a generation and has also become part of the culture. Eradication in non-traditional narcotics growing areas can be effected fairly easily if the commercial production is just a few years old.

The formula is an income substitution program for growers that includes as qualitative change in their quality of life—schools, health, etc.—as well as the promise of still earning an acceptable income. This must be combined with sanctions for those growers who do not cooperate, and with national enforcement efforts to make marketing an illicit crop risky and expensive.

*3. The Myth of the Wealthy Narcotic Crop Farmer*

There is a myth that narcotics growers are prosperous. I have visited them all over the world and they are not. They are often better off than fellow farmers who do not grow an illicit crop. However, farmers the world over are paid the lowest competitive price possible at the farm gate, and this is also true of narcotics farmers. Few slum dwellers of Latin American cities would willingly change their lives for that of a coca grower.

At the same time, no legal crops can compete with illicit narcotic crops. Trafficker's profit margins are so enormous that they can always increase the price paid for the narcotics crop to meet that of any competitive economic activity. Therefore, income substitution must be combined with sanctions and disincentives, including punishment for illegal growing. The sanctions need not be heavy or abusive, merely sufficient to make growing unprofitable and not worth the risk.

*4. Pre-emptive Buys*

The question of pre-emptive purchase of narcotics crops as a means to provide an alternate source of income to growers while attempting to move growers to another source of legal income has been raised repeatedly over the last twenty years. It has always been rejected, including by a majority of the Congress. It is too costly, rewards people for growing an illicit crop and is not feasible.

*5. Displacement*

An important question that always arises when narcotics eradication is discussed is that of displacement. Does not eradication in one area merely lead to the narcotic crop being cultivated in another? Is not this inevitable as long as there is a lucrative United States and European market? After Turkish poppy production came under control it increased in Mexico; success in Thailand seemingly increased poppy production in Burma and Laos; and any over-all temporary reduction in Southeast Asia was made up for by Southwest Asian heroin.

The only response to this very logical question is that the world is finite. Moreover, eradication in new cultivation areas is easier and cheaper Once the traditional areas have been brought under control, the more newly cultivated areas will be easier to eradicate in this long and necessary struggle.

*6. Corruption*

Corruption is an inevitable issue in narcotics control programs of all countries, including the United States. It is especially acute in developing countries which produce narcotics or are key transit countries. Corruption in the developing countries is not unique to narcotics but permeates nearly all activities and transactions. Narcotics corruption looms larger, however, because of the huge amounts of money involved. It harms individuals, distorts the functioning of economies, corrupts police and judiciary, and corrupts political systems.

Narcotics corruption in producing and key transit countries reaches the highest levels of society, including the ministerial level and in some instances chiefs-of-state. Police corruption is a major problem, most often taking the form of extortion, keeping seized assets and selling seized narcotics. Nevertheless, corruption in the judiciary has often out-stripped that of police, and improvement of judicial systems of the Third World is more difficult than cleaning up the police and military. Judicial officials release narcotics offenders through pay-offs and legal technicalities. A major area of corruption is the failure of governments to sanction corrupt officials, especially high level ones. Rarely does justice reach a high level police, military or civilian official, and when it has, it has been caused by external pressure and most often has resulted in little more than the transfer of the culpable official.

Corruption is a grave problem. The United States Government must be tough on the issue! However, the continued existence of corruption at lower levels should not be allowed to disrupt cooperation. If these countries did not suffer from such problems, they would not have problems with drugs nor need our help. Corruption

is a problem the United States government must recognize, attempt to prevent and demand punishment for guilty officials but continue to work around. To ignore corruption and not insist on correction is a mistake. To stop cooperating when lower level corruption persists is an even greater one.

*7. Working with Weak Governments*

The argument can be made, ironically, that there are some advantages in cooperating in narcotics with a weak but friendly government when the United States Government is willing to provide adequate resources. In such situations we sometimes have greater influence with host governments to mold more efficient and effective programs. Strong central governments can be very difficult to work with, as exemplified by our experiences in Mexico and Turkey. The preferred situation, of course, is a strong, fully committed, cooperative and friendly government.

*8. Licit Production*

Coca is chewed regularly by perhaps as many as a million farmers and miners in the *altiplano* of Peru and Bolivia. Coca not only alleviates the pangs of hunger and weariness of physical labor, it is also an essential part of many rites and customs deeply ingrained in Andean culture and society. Poppy seeds for eating and poppy seed oil are also important in many parts of the world, and poppies are grown for tribal medicinal purposes and to produce opium for medicinal uses.

All of this makes eradication and control of coca and poppies more difficult, but programs supported by the United States government must make provision for a limited amount of licit production, or they will not be politically feasible. The projects must include mechanisms and controls over licit production and marketing.

*9. Economic Studies to Show the Adverse Economic Effects of Illicit Narcotics Production on Developing Countries*

Narcotics production probably has a positive impact on economic development during its initial years. At some point, however, the costs in terms of distortion of investment patterns, corruption of institutions, the contribution to the producing countries abuse problems, and negative effects on rational economic planning, tax systems, exchange rates, etc., may all combine to make illicit narcotics production and trafficking more damaging in monetary terms to a nation than it is economically beneficial.

Some economists have worked in this area. Perhaps the Commission could encourage more such work in order to overcome a still strongly held view in many developing countries that illicit narcotics production is on balance economically advantageous.

### D. COMMENTS ON ENFORCEMENT AND INTERDICTION

*1. Enforcement against Major Traffickers*

Sentencing powerful big-time criminals is difficult in any society, including the most modern. One of my earliest remembrances of news comes from the 1950s when the FBI detained, finger printed

and photographed over two hundred members of the Mafia who met at a lodge in the Adirondack Mountains. Most of these *mafiosos* have since died peacefully of old age or were killed by a rival group. The difficulty of bringing under control outlaw gangs that have run amok is now being tested by the United States Government in its efforts to contain drug related killings in Washington, D.C. Enforcement is not an easy thing in a modern society.

Making successful cases against big, rich and powerful narcotics chieftains in developing countries is even more difficult. In those cases where big traffickers have been "eliminated" it has sometimes been through measures that would not stand close scrutiny in connection with human rights legislation and policies.

The most successful methods in apprehending and prosecuting large narcotics criminals in the United States have often involved financial investigation or tax evasion. This latter area might be attractive to Third World governments who in recent years have become very concerned about informal economics and their governments' lack of capacity to tax such activity. Support to major narcotics countries governments in the area of tax law, collection and investigation might be welcomed and pay additional dividends in effecting prosecutions of traffickers on tax grounds.

Capturing and prosecuting major traffickers should continue to be a principal emphasis in narcotics control. This is essential to disrupt the flow of illicit drugs and to keep the costs of doing business high. At the same time, it must be recognized that as long as high demand and profits exist in the United States and Europe, narcotic crops production continues greatly in excess of licit requirements, and trafficking networks remain in place, other criminals will quickly fill the positions vacated by arrested big time traffickers.

*2. Interdiction*

The conventional wisdom has long been that over the long haul only about ten percent of the traffic is or can be captured. There is no empirical demonstration of that "fact," and it is strongly disputed by many in the interdiction business. Supportive of a figure somewhere in the neighborhood of this assertion is that as seizures of cocaine and coca derivatives have increased so have estimates of American imports consumption.

The percent of drugs interdicted surely is being raised somewhat by costly and intensive efforts but it is doubtful just how much. When special, intensive operations are staged, the traffickers normally lie low until the operation is terminated or shift their areas of operation.

As in the case of enforcement, interdiction efforts should continue to be given great emphasis. We should not, however, delude ourselves by thinking that involving our Armed Forces with some extremely costly equipment or directing immense resources to the Coast Guard, Customs, and other agencies will significantly change the narcotics picture. It will satisfy the Weberian bureaucratic need for growth of a number of American agencies but may not give us lasting results. It is needed to keep traffickers off balance and to make more difficult their nefarious business.

*3. The Closer to the Source the Greater the Results*

A cardinal principle for interdiction and to a lesser extent for enforcement is that the closer they are conducted to the production source, the better are the results. Narcotics depart production fields and processing plants in plane loads, trucks, and bundles. By the time drugs reach the streets of Saint Louis the dope is broken down into tiny plastic sacks. Also, the major narcotics entrepreneurs appear to be residing in the producing and transiting countries not in the United States and Europe.

These facts dictate better cooperation with foreign governments and police. This should be part of our holistic approach to dealing with governments of major narcotics countries. It also implies major changes on current restrictions to aid to police. Our aid for anti-terrorism or to fund specific narcotics activities has often actually distorted police forces of the Third World that are starved for funding and often cannot properly direct traffic nor conduct basic criminal investigations for lack of training and resources. This must change if we are really serious about interdiction and enforcement where it is most effective close to the source in cooperation with honest and professionally competent police of the nations we are assisting to resolve the problems of drugs.

*4. Intelligence*

Successful enforcement and interdiction are impossible without accurate, timely and pertinent intelligence. This has long been the greatest weakness for enforcement agencies. My remarks could be dated. I worked on it years ago, and I trust there has been significant improvement since then.

Basic problems arise out of the different manner of enforcement agencies in collecting, processing, and even in using intelligence from the way that intelligence agencies do. There are also legal problems regarding the use of both types of intelligence, and there have long existed problems of sharing and disseminating. Improvements have been made on coordination of collection.

I am not certain what the current situation is. I assure you it merits study. I hope that all necessary corrections have been made since my deep involvement in the subject.

### E. ACKNOWLEDGE SUCCESSES ATTAINED

Abuse of cocaine and "crack" and narcotics related crime have grown. Frustration has caused some persons to return to arguments for legalization of drugs. Opinion polls continue to show, however, that the majority of Americans oppose legalization, and therefore changes in our laws are not likely in the near future. The public is left with a feeling that the problem is overwhelming. In order to mobilize better the public and resources to combat narcotics problems it is desirable that the people realize that there has been progress and that final success (a low-level of usage) is possible.

As pointed out earlier, the number of heroin addicts in the United States dropped from a high of about 700,000 in 1970 to a low of about 300,000 in 1980, and then surged again to about 450,000 because of the influx of Southwest Asian heroin. The sur-

veys on marihuana usage show a steady drop in marihuana usage among high school seniors over the past decade. This is progress, but, there is too little acknowledgement in the media or among the public. That there can be ultimate success should be put forth in a realistic manner in the Commissions National Strategy.

### F. LEARN FROM THE PAST

A review of past White House statements and documents by different administrations on narcotics control often, not surprisingly, reveals a selective use of facts and data bases to demonstrate the current administration's success in narcotics control. Indeed there has been progress, transitory and lasting, in a number of areas. There is a need to put the problem, programs and operations to deal with it, and trends into a larger historical perspective.

While I was Deputy Assistant Secretary of State for International Narcotics Matters (1978–80), I encouraged the preparation by the State Department Office of the Historian of a study of past efforts at international narcotics control. The study was eventually done and covered up to 1980. An effort might be made to pull together and update similar governmental and academic studies on all areas of narcotics control, and to draw conclusions therefrom.

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# NARCOTRAFICO: REGIONAL IMPACTS AND THE QUEST FOR SOLUTIONS

(By Richard B. Craig, Department of Political Science, Kent State University)

There can be no doubt that the abuse of drugs, both licit and illicit, constitutes a first order problem for American citizens, politicians, police, and diplomats. Drug abuse and trafficking are undeniably among the nation's most serious crime problems. They spawn everything from death, to prime time television series, to drug symposia sponsored by the Congressional Research Service. They seriously erode the nation's quality of life, corrupt its institutions, impact its foreign policy, and by indirection threaten its national interests.

Hlicit drug trafficking has emerged as both a national security issue and a foreign policy priority. Reinforcing a time worn theme, Washington's primary response to the problem has been to seek a solution at the foreign source, in those countries whose fields and laboratories produce the illicit products so demanded by American users.

Latin American and Caribbean nations constitute the primary source of most of the heroin, cocaine, and marijuana smuggled into the United States. Mexico, Colombia, Jamaica, and Belize account for some 90% of America's imported marijuana. Peru, Bolivia, and Colombia produce virtually all of the world's cocaine originating in South America.

As a result, the control of drug cultivation, processing, and shipment currently ranks with immigration, economic crisis, and communist incursions in Central America as priority issues in U.S.-Latin American relations. *Narcotrafico* is in fact the most sensitive issue between the united States and Bolivia, Peru, Mexico, and colombia. It has also become a serious domestic problem in several Latin American countries.

Domestically, for Latin American source and transit countries, drug trafficking implies multiple repercussions at social, economic, and political levels. *La droga* has brought unprecedented violence against persons, property, and political systems. Attacks on politicians, judges, military personnel, and police have escalated as traffickers have responded to antidrug campaigns. Simultaneously, corruption, fueled by intimidation and heretofore unimaginable sums of money, has reached wholly unacceptable levels.

The economic effects of illicit drugs are perhaps more insidious and not easily quantifiable. We can, however, state with confidence that such traditional indicators as foreign reserves, inflation, money supply, exchange rates, property values, wages, and the cost of goods and services are affected. it is also important to recall that the effects are not always negative. *Narcodolares* provide jobs for

thousands of campesinos and keep at least two South American economies afloat in a sea of economic disaster.

Politically, the impact of narcotics varies with the problem's scope: the larger the problem, the greater the potential that traffickers will seek to protect their industry and incomes by securing political power at all levels. Some have even organized their own political parties. Others opt for indirect control of key government posts and decisions. Power sufficient to thwart the implementation of particular laws or treaties, to prevent arrest or imprisonment, and to arrange prison escapes is disturbingly commonplace. The government's inability to control outlying regions, particularly the drug producing areas, is symptomatic of an even larger problem for Latin American politicians—rural neglect. Campesinos are by and large a neglected lot, forgotten ones in the national drive to modernize. Their choices are quite limited: remain on the land tilling traditional crops, migrate to the city slums, leave the country, or cultivate illegal crops. Opting for the latter career may then bring the campesino another lifetime first: serious attention from the government.

Another variable may be more psychological than political. In league with an already besmirched image, a burgeoning narcotics industry that appears inseparable from the government constitutes a serious, system-threatening loss of legitimacy. National leaders may at this stage be forced to act, but not before they consider the potential consequences at home and abroad. At this juncture the united States looms as a critical variable in terms of its huge demand, and as well as its *narcopolitica.*

Perhaps our inquiry should begin with a macro question: Does the united States in fact have an international narcotics policy? Answer: Yes, and it has displayed amazing continuity throughout most of this century. It consists in the source nation or in route to the U.S., and elimination or immobilization of major traffickers.

Next, we should narrow our scope and ask the key regional question; Does Washington also have a bona fide *narcopolitica* toward key latin American source countries? Again, the answer is affirmative. Dating back at least to the early 1970's, this policy too has shown marked continuity in goal and strategy: Keep illicit Latin American drugs out of the United States through eradication, interdiction, and immobilization *in Latin America!*

Washington's drug diplomacy is exemplified by its policy with four Latin American states—Mexico, Colombia, Bolivia, and Peru. These nations are indeed the linchpins of America's international narcopolitics. Unfortunately, our narcotics relations with these states have been cyclical in nature, often unilateral, incident-prone, and highly contentious. Illicit drug traffic has in fact been the most acrimonious of issues between the U.S. and the key "source four" since the mid-1970s.

Meanwhile, in these four countries and throughout Latin America narcotics-related violence increases with every passing day. Struggling democratic political systems are increasingly threatened, judicial systems increasingly compromised, economies increasingly drug dependent, populations increasingly addicted, and national images increasingly tarnished before the outside world. In response, latin source and transit states have pursued two conven-

tional policy tracks. Yet behind the scenes, new, revisionist voices are increasingly heard, challenging the conventional narco wisdom emanating form their own capitals and from Washington.

Most have opted to stand by what I have termed the "muddle through" option, whereby they continue to eradicate, dismantle, destroy, and interdict to the best of their ability. The results are disturbingly obvious: more drug cultivation, processing, and shipment; more narco violence and corruption; and more narco-dependent economies, especially in Peru and Bolivia. These two nations have also opted for a second "conventional" strategy by accepting more direct U.S. involvement in the law enforcement/interdiction phase of their antidrug *campanas.* Thus, we now have "Operation Snowcap" and all that it implies for Bolivia, Peru, and U.S. forces in these two nations.

Amidst all this "muddling," however, one hears increasingly the growing sound of revisionist, nay even radical, Latin American voices espousing alternative solutions to the region's drug problems. Tired of seeing their nations as the perennial objects of Washington's *narcopolitica,* these individuals have gone on the offensive in an effort to solve their multifaceted drug dilemma, keep their fledgling democratic political systems afloat, and in the process escape the wrath of America's narco "Big Stick."

Latin American "revisionists" have coupled their proposals for action against the demand side of the drug ledger with calls for an international monitoring of progress against drug abuse and trafficking within individual nations. In effect, such a policy would remove the monkey of U.S. Congressional criticism and sanctions from their backs and replace it with international pressure to reduce American demand. As a corollary, these reformists have linked their proposals for reducing U.S. demand with calls for less emphasis on crop eradication and greater support of in-country law enforcement actions against processing and trafficking. They reason that eradication to the extent desired by Washington is both unfeasible, environmentally hazardous, and politically unacceptable. To succeed, it would antagonize politically powerful campesino groups, ultimately drive them into the arms of the radical guerrillas, and perhaps most importantly, thoroughly corrupt the military which inevitably acts as the phalanx of eradication projects in the countryside. The solution according to such critics? A large, well-trained, non-corruptible, antinarcotics strike force in league with a specialized, narco-clean judiciary to try the trafficker.

Inseparable form such reasoning has been a growing number of proposals to regionalize or Latin Americanize the entire antidrug offensive, to "debilateralize" the U.S.-Latin American drug equation. Some "revisionists" call for the OAS to assume the lead role; others envisage a "White Triangle" alliance of Colombia, Bolivia, and Peru; still others suggest a loose consortium involving key hemispheric source and transit nations.

Even more adamant in their desire to "break free" are those Latin Americans advocating "radical" solutions to the region's drug crisis. Some champion pure unilateralism via legalization of marijuana, or cocaine, or both. Others demand the complete withdrawal of U.S. antidrug personnel from their countries. But most

opt for what I shall call a "Quid Pro Quo/Practice What You Preach/Put Up or Shut Up" course couched in the form of a "Latin American Decertification Agenda." Said agenda is premised on the following introductory clause: "We the undersigned Latin American nations propose to decertify the United States if it does not 'cooperate fully' with said nations, or take adequate steps on its own with regard to preventing drug production, drug trafficking, and drug-related money laundering by:"

1. Eradicating, in percentage terms, as much or more of its illicit drug crops as we do.
2. Utilizing in its eradication program on both private and public lands the herbicides "Paraquat" and "Spike."
3. Amending even further its *posse comitatus* statutes so as to involve its military to an extent equalling or surpassing the involvement of our own armed forces.
4. Ratifying, as several of us have, the Mutual Legal Assistance Treaties (MLAT) which it pushed us so hard to enact.
5. Agreeing to extradite "on call" its own nationals.
6. Ceasing to cooperate with notoriously narco-tainted reactionary regimes.
7. Cleaning up its own narco-corrupted judicial, political, and law enforcement ranks.
8. Ceasing to coddle its drug abusers, in particular its "star" abusers. Set an example for us—send Stanley Wilson and Dexter Manley to prison, not to the Superbowl!
9. Equaling or surpassing our own sacrifices in terms of comparative budgetary allocations and lives lost in antidrug campaigns.
10. Controlling far more strictly, as your own recently-enacted statute requires, the sale and shipment of precursor chemicals. Do not your own analysts contend that 80–90% of these chemicals so indispensable to the production of cocaine hydrochloride are manufactured by American firms?
11. Curtailing the sale of such sporting weapons as the AK47, many of which end up in the hands of our *traficantes* and guerrillas. After all, how many rounds does it take to bring down a rampaging doe?
12. Coordinating its antidrug effort to the extent that it ends the notorious interagency turf battles and is thus able to speak with one voice.
13. Permitting our equivalent of its DEA to operate in the United States with the same freedom of movement that we grant its agents.
14. Launching a truly concerted campaign against money laundering, even if it entails long-term imprisonment of prominent financial figures.
15. Attacking with true vigor and *far* more budgetary dollars the true fount of its and our drug dilemma: America's seemingly insatiable demand for mind altering substances.
16. Ending its unilateral policy tendencies in regards to drug control.
17. Admitting that as bad as its drug problem may be, ours is far worse. Political rhetoric aside, drugs really do not consti-

tute a threat to United States national security. For us, in Latin America, they most certainly do.

It is within the context of conventional United States international narcotics policies, the disappointing results therefrom, and Latin America's multiple reactions to Washington's *narcopoltica* that we may best address the issue of possible alternative strategies and options. In so doing we must preface our discussion with three core premises: First, the preeminent goal of U.S. policy must be demand reduction. Second, Latin American leaders, with external assistance, must address the bedrock issues of poverty, rural neglect, and maldistribution of income. Third, our financial myopia must be overcome; if we are indeed serious about attacking the drug abuse problem we must be prepared to spend *far* more money on supply and demand reduction. To lose sight of these verities renders largely dysfunctional any of the policy options analyzed below.

*Setting an Example:* Perhaps the first thing that American policy makers can do to impact hemispheric drug trafficking is to get their own antidrug house in order. We could set an example for Latin America and the rest of the world by essentially doing unto ourselves what we demand of other nations. Many of the initiatives which most readily come to mind are contained in the "Decertification Agenda" noted above. Particularly important are the problems of demand and program coordination. Of the two, the issue of demand is so glaringly obvious as to require no further elaboration. The in-country risks contained in demand reduction are virtually nil. However, a substantial curtailment of American demand could have negative economic and employment ramifications in Latin American source countries, particularly in Bolivia and Peru.

As regards program coordination, the United States has thus far presented the worst kind of model for emulation in Latin America. Here at home our antidrug program is uncoordinated both horizontally, where turf battles still rage unchecked, and vertically, where national and subnational governmental units have seldom worked in concert for any sustained period of time. The situation is, unfortunately, only marginally better in U.S. embassies abroad where, rhetoric notwithstanding, drugs are still not a top priority, even in some key Latin American source countries. Furthermore, America's antidrug agencies abroad have yet to truly synchronized their programs. They too often spend as much time fighting one another as they do combatting the common enemy.

A third aspect of the coordination problem also manifests itself at home and abroad, and it involves the issue of unity and leadership. Who,it must be asked, is really in charge of Washington's antidrug program? Who speaks with ultimate authority? This problem has plagued our relations with key Latin American source and transit nations, particularly during the perennial "narco crises" that crop up with uncanny regularity. Our relations with Mexico and Colombia have been acutely prone to damage during these crises because no one agency or individual is ultimately responsible for policy when push comes to shove. Instead, each senator or representative, each agency or department head seems to be making his or her own policy, with one threatening another "Operation Intercept" while the other urges caution on behalf of a greater U.S. national interest. Who today, for example, speaks with final au-

thority on Washington's narcopolitics with key Latin American states? Perhaps it is Dr. Bennett, perhaps not.

A fourth coordination issue involves nothing more than statistics. No one is calling for anything resembling a fully reliable drug data base, but all analysts bemoan the almost total absence of uniform, consistent, and creditable statistics from which to analyze narcotics policy. The problem's scope is enormous, its drawbacks acutely frustrating. Yes, drug production and trafficking are admittedly phenomena not easily quantifiable. But in this scientific age why must crop figures here and abroad be such a game of guesstimates, calculations that vary so dramatically as to negate rational analysis? Why must the totals of individual agency seizures never add up? Why can the analyst not acquire figures so rudimentary as total annual drug seizures along one frontier, the U.S.-Mexican border? Here as elsewhere we must admit the obvious: Before we can demand exemplary action from others, we must first set an example worth emulating.

*Political and Economic Initiatives:* The first step in convincing Latin America and the rest of the world how seriously we take the drug problem must be taken by the President. He should at the earliest possible date convene a hemispheric drug conference, a regional "narco summit" if you wish, to launch the development of a coordinated, hemispheric antidrug effort. Symbolism is critical. The President, not an emissary, must represent the united States. The sole issue will be drugs, the sole aim the reduction of demand, cultivation, processing, and shipment in the Americas.

Despite potential problems, the benefits of such a conference would far outweigh the risks. Latin American representatives will undoubtedly stress the issue of American demand as the problem's root cause. Some of these same individuals may use the occasion to trumpet the usual anti-American rhetoric. But it is the symbolism of Washington's initiative that will overshadow all other results. And behind closed doors much can be accomplished. Pledges taken can always serve as foundations for future deeds, actions taken on cooperative, multilateral and/or bilateral bases.

Not only could the President utilize such a meeting to unveil new political and economic support policies, but he could also go far in assuring the Latin Americans that henceforth unilateral U.S. initiatives would take a back seat to cooperative ventures in the field of narcopolitics. All of this is part and parcel of an even greater necessity—the need to convince Latin American leaders that their countries individually and the region collectively are in deed as well as words important to Washington, just as important as other nations.

Central to this new cooperative approach would be modification or abandonment of the certification requirement. Like other sanctions, decertification simply has not worked. Furthermore, the entire procedure has become a sham and in the process added fuel to the fires of anti-Americanism throughout Latin America. Our relations with Mexico in particular have been negatively impacted, as certification has annually become synonymous with "Mexico bashing." Given Congress' stake in the matter, the best solution might be to grant the President greater flexibility under the law in the form of optional sanctions. At this juncture, such a modifica-

tion would be highly preferable to the current "mandatory" procedure which is anything but mandatory.

On balance, Washington's support of antidrug programs at home and abroad has been most parsimonious. Considering the problem's magnitude, it has in fact been little short of a joke. And drugs are assuredly no joking matter. It is time, as Ann Wrobleski and others have suggested, to establish a "superfund" to assist Latin American nations who move boldly against the drug challenge, particularly those whose economics would be seriously impacted by concerted eradication and interdiction programs. The major pitfall of such a fund is of course expense during a time of limited resources. Once again, however, we must face the question of relative importance. If the United States is serious about curtailing the cultivation and shipment of drugs, it must be prepared to pay the price.

In conjunction with such a fund, the issue of Latin America's staggering debt offers fertile grounds for innovative initiatives. Surely there are ways to devise acceptable "drugs for debt" swaps, means of securing loans for cooperative states, and other avenues available to assist financially such key source and transit states as Mexico, Bolivia, and Peru. At this stage they simply cannot foot the bill on their own.

In this regard it is imperative that Western Europe and even Japan become major actors. Quite obviously, Western Europe is the Medellin group's "new frontier." Its market potential for cocaine is enormous. Yet outside their support for such international agencies as UNFDAC—an organization to which Washington contributed only $3 million out of a total FY 88 budget of some $60 million—the Europeans are being given a free ride. A la NATO, it is time they begin to contribute their fair share to support antidrug programs in Latin America.

Serious thought should also be given to market preference schemes, to the guaranteeing of market shares for legitimate crops produced on lands that once grew coca, opium poppies, or marijuana. Resistance from U.S. growers who now dominate such markets is assured. But solutions to this dilemma are also possible. Access to markets for Caribbean sugar and Colombian cut flowers are cases in point.

The possibility of selective crop buy-outs in league with incremental coca eradication, crop substitution, and concerted action against processing laboratories must also be explored. Bolivia offers thr best possibilities in this regard. In fact, there is no other politically feasible alternative for Bolivia at this juncture, so precarious are its political and economic climates. The same may also be said of peru. with the notable exceptions of production magnitude and the guerrilla threat posed by *Sendero Luminoso.* The primary objection to crop buy-outs is moral in nature: Why pay farmers to grow an illicit product? While crop substitution has thus far proven ineffective due to the relative profit of coca vis-a-vis alternative crops, it surely cannot be ruled out as an option if pursued in conjunction with eradication and interdiction.

Another alternative which, to my knowledge, has not been explored is the possible use of America's agriculture surpluses to help feed farmers in source nations undertaking eradication projects. In the past decade these states, like many others in Latin America,

have become net importers of food grains and other staples. This initiative should meet with little resistance unless we have a repetition of the 1988 drought.

It is also suggested that the United States put far more effort into educating the Latin American public, and most pointedly its burgeoning middle classes, on the dangers posed to their respective nations by illicit drugs. In particular, the USIA must emphasize the escalating problem of drug abuse and the threat it poses to current and future generations. The potential for increased abuse grows in direct proportion to escalating production. Invariably, this has led to glutted markets abroad, particularly in the case of cocaine, and the dumping on domestic markets of unrefined coca paste. It is cheap. Its use has spread very rapidly within the mass sector, and it is being smoked by increasing numbers of middle class youth. We must do more to convince Latin Americans that drugs are their problem as well as ours.

The same may be said of *narcotrafico's* environmental repercussions. Much has been made of the potential dangers posed by herbicides to the environment and ecology of drug-producing states. And there is surely cause for concern in this respect. But what is being neglected, or surely underplayed, are the negative environmental impacts of coca cultivation and processing in Andean nations. Land is being stripped of its natural cover in the rush to plant coca. This often leads to permanent soil erosion, especially in jungle areas where most of the clearing is taking place. Nothing but coca will grow there, and often these same soils are depleted in a few years and the *coquero* moves on, leaving a denuded wasteland. Meanwhile in processing zones, the ecology is increasingly ravaged by the dumping of coca processing chemicals on the land and into streams. Much more should be done to alert Latin policy makers and the public alike to the real possibility that coca farming and cocaine manufacturing may prove environmentally more damaging that the use of herbicides on a controlled basis.

Perhaps the most controversial policy option involves greater participation by American personnel in source state eradication, lab destruction, and interdiction activities. Operation Snowcap is a case in point. The principal issue is one of increased involvement and the potential dangers it poses to DEA and Special Forces agents and to U.S.-Latin American relations. Any increment in such forces must come exclusively at the source country's behest and be accompanied by a substantial upgrading of our financial commitment. The political risk factor for Peru and Bolivia would be even greater than is currently the case under Snowcap, and it must be emphasized how controversial the program is currently throughout the Americas, including the United States. But given the widespread unpopularity of chemical eradication programs, the deployment of more American antidrug personnel may be worth the risk if meaningful progress is to be registered on the supply side.

Far less precarious would be the deployment of additional U.S. Customs officers to assist in the training of their Latin American counterparts. This policy should prove doubly beneficial. First, it would enhance host country interdiction capacity. Second, the expertise and technology acquired would enable the *aduaneros* to not

only capture more illicit narcotics, but it would also enhance their ability to seize more traditional contraband being smuggled *into* their countries from neighboring states. A start has already been made in this area; the use of American Customs officials should be expanded.

The currently moribund state of extradition cannot mean abandonment of this crucial policy option. Washington must continue to seek its reactivation in Colombia and to update the age old agreement with Bolivia to include Bolivian nationals. Until such revivals and revisions take place, however, the U.S. must conclude Mutual Legal Assistance Treaties where none currently exist and practice what it preaches by ratifying those already signed. Inseparable from MLATs is the adoption and/or implementation by source countries of asset seizure and money laundering statutes. Mexico may serve as an example of how civil law states can adapt their codes to include forfeiture and confiscation of *traficante* assets. Mexico's is not an ideal model for emulation, but it is an example worth noting. The greatest pitfall here is rather obvious: Before asset seizures are possible, you must either arrest the traffickers or force them to flee the country.

A final suggestion is virtually risk free and need involve governments only indirectly if at all. Much more can be done to rally support in this country and elsewhere for those truly courageous Latin American law enforcement officials, jurists, and journalists who daily risk their lives and those of their families by confronting in their actions, verdicts, and columns the enormous power of drug traffickers. Far too many have paid the ultimate price for their courage. The truly amazing thing, given the *traficante's* track record, is how many continue to act and speak out against such barbarians. They merit not only our admiration and praise, accolades that are so seldom forthcoming in this country. They and their families also deserve recognition in the form of financial rewards, scholarships, and sanctuary if need be. It is they, not those of us in academia or government, who are truly on the narco firing line.

# THE COCAINE MORASS IN SOUTH AMERICA

(By Rensselaer W. Lee, III, Global Advisory Services)

## Introduction

Stopping the flow of cocaine from South America has been an important U.S. policy objective in the 1980's. This goal, however, has proved elusive. By all indications, the dimensions of the cocaine industry have expanded enormously in this decade, and so has the economic and political influence of the industry. This paper will summarize some of the problems that the United States faces in trying to control cocaine trafficking in source countries; also it will discuss and evaluate some possible solutions to what is obviously one of the most serious problems confronting nations in the Western hemisphere today.

## Economic Issues

The cocaine industry, by all indications, has acquired a powerful economic foothold in the Andean countries, especially in Peru and Bolivia. Cocaine exports account for a significant chunk of these countries' foreign exchange earnings. Also, the cocaine industry is an important employer. Hundreds of thousands of South Americans work in the main phases of the industry: cultivation, processing, refining, transportation, and distribution. Coca cultivation alone provides a living for at least 3 percent of Peru's population and 5 percent of Bolivia's. There are multiplier effects from the industry—for instance, drug traffickers' demand for houses, condominiums and apartment buildings has produced construction booms in cities such as Medellin (Colombia) and Santa Cruz (Bolivia). The inflows of cocaine dollars into Medellin in the mid-1980's apparently stimulated that city's lagging industrial base and helped to bring down Medellin's unemployment rate from nearly 17 percent in 1983 to 12 percent in 1987.

Finally, the cocaine industry has generated radically new expectations and aspirations within Andean societies. Coca farmers typically earn several times the income that they would receive from growing legal crops such as cacao, oranges, and coffee. All along the cocaine production and logistics chain, people receive substantially higher wages than they would in the licit economy. For many rural dwellers, the industry offers a kind of instant introduction to modern lifestyles: the chance to enjoy video cassette recorders, high tech sound systems, or the latest Toyota landcruiser or Datsun truck. All this means that the cocaine trade has spawned new constituencies and has placed new demands on Andean political systems.

Cocaine probably will not be a catalyst for the economic "take-off" of South American economies. A large percentage of cocaine

income is banked, spent or invested abroad. Some of the repatriated earnings are spent in ways that do not benefit the economy much—for instance, in maintaining drug lords' private armies and their coteries of corrupt officials. Some of the money is invested legitimately but the pattern of investment is distorted. Traffickers launder their profits in businesses such as real estate, construction, cattle ranching, retailing (for example toy stores and drug stores), and entertainment; they tend to neglect core economic activities such as mining, manufacturing, power plants and commercial transport. Cocaine traffickers are not captains of industry. They have little economic vision; in a sense, they still have a small business mentality.

Yet, if cocaine does not hold the promise of real economic progress, it clearly has acted as a safety valve for the Andean countries in providing jobs, income and foreign exchange where the formal economy fails to deliver. This substitution process is most advanced in Peru and Bolivia, countries characterized by stagnant GNP growth (including negative growth in some years), declining exports and high unemployment. Yet, even in Colombia—which is an economic success story by Latin American standards—entire regions have come to depend economically on coca cultivation, cocaine production or income flows from cocaine traffickers. So under the circumstances U.S. policymakers have to ask themselves the question—and Andean leaders do pose this question—of what would happen if we won the war against cocaine? The price of success in economic, social and political terms could be very high.

## Political Issues

Let us examine the political effects of cocaine. At the upstream end of the cocaine business, farmers who cultivate coca are numerous and well-organized. Bolivia has a large "coca lobby," which includes regional growers' federations, national peasant and labor unions and a block of deputies in the Bolivian congress. In Peru's Upper Huallaga Valley, where over 90 percent of farm income comes from coca cultivation, coca farmers receive encouragement and armed support from Shining Path guerrillas. The Shining Path has effectively exploited the issues of crop eradication and spraying of herbicides to gain a political foothold among coca growers and other Valley residents. Andean coca farmers and their allies have fought with some success against U.S.-backed efforts to eradicate coca fields. In Bolivia, the government does not dare eradicate without the consent of the powerful growers' federations. Fears of massive peasant unrest have deterred Andean governments from massive applications of chemical herbicides against the coca plant.

Especially important in political terms are the large criminal syndicates that refine, smuggle and distribute cocaine (the cartels). The power of these syndicates or cartels rests ultimately on their enormous financial resources. Cocaine money buys private armies, sophisticated weapons, fast aircraft and state-of-the-art communications gear. It finances extensive systems of protection and intelligence. These systems include accomplices or informants in key national institutions such as the police, the military, the judiciary, government ministries, the legislature, the church and the news

media. Cocaine dealers funnel large sums of money to major political parties and to electoral campaigns; indeed, they help to underwrite the democratic process in the Andean countries. Finally, leading traffickers also build broad political support by sponsoring public works that benefit the urban and rural poor, such as housing developments, sports stadiums, clinics and sewer repair projects.

Cocaine traffickers' financial and logistical resources have allowed them to acquire de facto territorial control in parts of Colombia, Bolivia and Peru. Colombia's cocaine syndicates for example, have a strong regional power base that includes parts of Cordoba, Antioquia, Meta and other Colombian departments. Their influence also extends to certain cities such as Medellin, Cali and the Amazon Port of Leticia. In Peru, the Upper Huallaga Valley is the scene of a struggle for power among cocaine traffickers, Sendero Luminoso guerrillas and the Peruvian government. In Bolivia, certain zones within the Chapare region (Cochabamba Department) and the Department of the Beni are dominated by cocaine dealers—government anti-drug squads find it difficult or impossible to penetrate these zones.

The pattern of cocaine-related corruption extends well beyond the Andean region—in fact, it has become pervasive in the Western hemisphere. Colombian cocaine syndicates have successfully cultivated ties with top-level officials in a number of Central American and Caribbean nations (with the aim of establishing transit routes or money laundering facilities or both in these countries). Even Communist Cuba has been affected; recently, a Cuban major-general and three other senior military officers were sentenced to death for helping the Medellin Cartel ship an estimated 6 tons of cocaine through Cuba. Cuba now wants to cooperate with the United States in curbing the drug traffic; this suggests that Castro has come to perceive the Colombian mafia's corrupting influence as a threat to his regime.

### The Participation Model and the Insurgency Model

Public debate over cocaine in Washington and in South American capitals often seems to revolve around two competing models (or images) of the cocaine industry. These may be called the participation model and this insurgency model. The participation model stresses cocaine traffickers' ties to the power structure—that is, their penetration of established economic and political institutions. According to this model, the cocaine mafia's overriding objective is protection—protecting trafficking networks, and legitimate business assets and also keeping the industry's chief executives out of jail; given this aim, traffickers are not revolutionaries—they want to coexist with and manipulate the political status quo. The implication of this model is that cocaine trafficking if left unchecked will produce a serious and lasting corruption but not a fundamental change in the political system.

The insurgency model on the other hand highlights the aspect of confrontation between the cocaine industry and governments. According to this model, the industry represents a direct threat to democratic institutions and values, and in general, a force for in-

stability in the hemisphere. By extension, there exists an alliance or at least some informal coordination between cocaine traffickers and Marxist guerrillas. The insurgency model in others words, views the cocaine industry as anti-system, anti-government and anti-democracy. The idea of a narco-guerrilla alliance, of course, plays well in Washington, Bogota and Lima—it is tempting and also politically expedient to depict two such detestable groups as operating somehow in tandem.

Now, we can find evidence to support both of these constructs. Drug traffickers operate both inside and outside "the system." Nowhere is this ambivalence more excruciatingly clear than in Colombia. Hundreds of Colombians—police officers, prosecutors, judges and others—have died in the Colombian government's war against drugs. Mafia-sponsored violence is having a devastating effect on Colombia's criminal justice system—police do not want to make arrests and judges do not want to sit on drug trafficking cases.

Moreover, the cocaine mafia uses violence and intimidation as a way of influencing national policy on drugs. The mafia has effectively torpedoed the U.S.-Colombian extradition treaty and it has done this through selective contract killings of prominent Colombian supporters of the treaty. In recent years, such victims have included among others a Supreme Court justice, an Attorney General, a former head of Colombia's anti-narcotics police, and the editor of one of Bogota's most important newspapers.

Yet, despite the obvious hostility between the cocaine mafia and the Colombian government, traffickers generally accept the underlying political, economic and social order—they do not demand fundamental change in "the system." Indeed, in certain respects, they are a part of the system. In Colombia and other Andean countries, cocaine traffickers have bought into the system. They have invested heavily in the economy (an estimated one to two billion dollars in cocaine earnings flows back to South American countries annually). They have corrupted government officials at nearly all levels. They finance electoral campaigns. They have become almost indistinguishable from the local power structure in certain cities and regions.

Furthermore, as a group South American cocaine barons lean more to the right then to the left politically (at least this is true of the major dealers). This is not to say that there is no linkage between the cocaine trade and insurgent movements. In Colombia and also in Peru, guerrillas provide political guidance and armed protection for coca growing peasants. Guerrillas shake down and even control some cocaine processing labs. But the big trafficking organizations—the Medellin-Cali syndicates—would rather buy protection from the military and the police than pay off guerrillas. Also, they have the weapons and the manpower to defend their laboratories, shipments, and supply routes against guerrilla extortion attempts. Most important, traffickers increasingly share the values of Colombia's property—owning classes, and as a result, are inclined to see Marxist guerrillas as a lethal threat.

From a strategic standpoint, there is no clearer evidence of narco-guerrilla confrontation than the emerging paramilitary movement in Colombia. This has been an instrument for combating guerrilla influence in certain regions of the country. Also, it has

been a vehicle through which cocaine traffickers have acquired a modicum of social legitimacy. Through their support of paramilitary activity, cocaine dealers have cemented their ties with established groups in Colombian society—especially with the landowning classes and with right-wing elements of the military.

Armed self-defense organizations have existed for some time in Colombia. The purpose of these organizations has been to protect local communities against extortion, kidnapping and other guerrilla practices. However, the self-defense movement suffered from a lack of equipment, training and resources and local landlords often had no alternative but to pay taxes to guerrillas.

Yet, this situation appears to have changed somewhat. The reason is that Colombian cocaine barons have invested some of their profits in acquiring vast tracts of land in the countryside. Traffickers are said to have bought at least a million hectares of land in the past five years in Cordoba, Antioquia, Meta and other Colombian departments. Many of these purchases are in "zonas rojas"—areas where predatory guerrillas maintain a strong presence. Traffickers' fincas, ranches and farms may house cocaine laboratories or they may be purely legitimate operations—whatever the case, the new narco landed gentry has found itself on the cutting edge of Colombia's guerrilla problems.

The impact of this historically significant process has been to revive and to overhaul the local self-defense forces and to create such forces where none had existed previously. Cocaine barons or their representatives assumed the leadership of and most of the financial responsibility for these organizations.

As a result, self-defense networks have become a significant political and military force in some regions. For example, a paramilitary network centered in Puerto Boyaca (in the Middle Magdalena Valley) reportedly has its own fleet of planes, helicopter and launches, its own jeeps and bulldozers, a printing press, a clinic and a training school, not to mention vast stores of ammunition and automatic and semi-automatic weapons. Top ranking commanders get paid as much as $4,000 a month (more than double the salary of the president of the republic). Such elaborate structures of course, are expensive to maintain—they have to be funded by contributions from local ranchers, farmers, and businessmen. However, it appears that the narco landholders pay much higher dues than the non-trafficking landholders; in effect, cocaine traffickers subsidize the self-defense systems. An ironic consequence is that property values seem to be rising in the areas where leading traffickers maintain their landed estates.

What has been the political effect of these trends? Well, to give the devil his due, the narco-backed self-defense movement has been instrumental in dislodging communist guerrillas from certain regions of Colombia. Perhaps the clearest "success story" has been in the Middle Magdalena Valley. Much of the valley was a FARC strong-hold in the early 1980s but it has been progressively sanitized by paramilitary squads with the tacit or active support of local landowners, businessmen and military commanders.

But there is a darker side to all this. Under the influence of the narcotraficantes, the self-defense movement has expanded its functions—it has become an instrument for the indiscriminate persecu-

tion of the Colombian left. Cocaine dealers' interpretation of self-defense is active and vindictive—it includes eradicating leftist influence wherever traffickers maintain ranches, farms, laboratories or property of any sort. In recent years paramilitary death squads financed by such pillars of the community as Pablo Escobar and Gonzalo Rodriguez Gacha have systematically exterminated people suspected of sympathizing with or collaborating with leftist guerrillas. The massacres of banana workers in Uraba, the machine-gunning of villagers in the Cordoba town of La Mejor Esquina, the assassination of hundreds of members of the Union Patriotica—including the UP's top leader, Jaime Pardo Leal—are all part of this gruesome pattern of vigilantism.

Cocaine dealers do not seem to be aiming to destroy the political status quo—in a way, they are trying to defend it with their own version of counter-insurgency warfare. The problem is, as many Colombians know too well, that the net result of their actions will be highly destabilizing politically. The extermination campaigns against guerrilla sympathizers and other leftists go far beyond the needs of legitimate self-defense and they sow the seeds for endless class warfare in Colombian society. Furthermore, the ability of Colombian cocaine traffickers to paralyze the criminal justice system and to coerce the government on extradition is an affront to Colombia's democratic system. Unfortunately, the Colombian government lacks the resources, the strategies and the territorial reach to deal effectively with either the guerrillas or the cocaine industry; hence, Colombia will probably be caught in a dangerous crossfire between these two forces for some time to come.

## The Outlook For Supply-Side Programs

Do political leaders in South America take the threat of cocaine traffickers seriously? It is clear that they do, although the awareness took too long to develop in this writer's opinion. At the same time Andean publics and governments do not necessarily see fighting drugs as a foremost national priority. In countries characterized by high inflation, high unemployment, slow growth and festering insurgency problems this is hardly surprising. Indeed, a successful anti-drug campaign can aggravate these other problems: producing for instance, massive increases in unemployment, major currency devaluations, the collapse of entire regional economies, a flood of new migrants to already overcrowded cities and the expansion of support for anti-democratic movements on both the left and the right.

Also, Andean governments have to contend with the enormous constituencies that have developed around the cocaine industry. These constituencies include more than the people who actually make and move cocaine. They include, for example, pro-coca politicians and political groups. They include people who sell goods and services to cocaine traffickers. They include officials and judges who take drug money to augment their meager salaries. They include slum dwellers who benefit from drug barons' narco-warfare schemes. They include landowners or military men who view the cocaine mafia as a convenient ally against communist guerrillas. The list is long.

At the same time—and I want to emphasize this point—there are serious risks to Andean governments in doing nothing to combat cocaine. Over time the cocaine industry will destroy public confidence in democratic institutions, and will undermine the capacity of governments to govern their population and their territories. There is a distinct possibility that cocaine trafficking, in combination with other problems—such as economic decline, growing insurgent movements, and a deteriorating U.S.-Latin American relationship—could eventually result in the political deterioration of the Andean countries. This possibility should weigh heavily on the minds of all responsible statesmen in the hemisphere.

So much for the challenges. What about solutions? There is considerable sentiment in Congress and in the executive branch for increasing the intensity of the drug war in South America. Yet most of the prescriptions for doing this carry major disadvantages. The ones that are feasible technically, are not necessarily feasible politically or economically.

Take for example spraying. Some herbicides seem to work against the hardy coca plant (Eli Lilly's "Spike" is one such compound). However, the spraying approach will have rough going politically in South America. The prospect that South American governments will ever apply herbicides against coca on any significant scale (as opposed to conducting sporadic tests) seems fairly remote. Governments fear ecological damage from the use of toxic chemicals, but they are even more concerned about the social effects: the prospects of massive rural unemployment and (in Colombia and Peru) the aggravation of a festering insurgency problem.

Possibly, Andean governments would be more enthusiastic about spraying if there were some place to put the hundreds of thousands of peasants now involved in coca cultivation. Here it is probably worth reviewing the record of U.S.—financed crop substitution schemes in drug countries. Such "income alternative" programs have had a troubled history, and several factors militate against their success. First, drug crops typically earn much higher returns than licit crops. Second, illicit crops yield relatively quick returns—the time from planting to first harvest is shorter than for alternative cash crops such as oranges, coffee, tea, and rubber. Third, drug crops typically grow in remote areas that are far from major markets, and transportation costs may make traditional crops non-competitive in those markets. Fourth, the coca plant tends to thrive in conditions that are inhospitable for many other crops—for example, steep slopes, excessive rainfall and acid jungle sorts. Hence, substitution may be—difficult proposition agronomically.

The experience of crop substitution in the Andean countries permits a couple of tentative conclusions.

The first is that only a fraction of the population currently residing in such areas as the Chapare, the Upper Huallaga Valley and the Llanos could make a living from legal agriculture, if coca were totally eradicated. A 1988 study by the General Accounting Office, for instance estimated that without coca, the number of families in the Chapare (now about 75,000) would drop by two-thirds.

Second, our development strategy should focus on attracting migrant coca farmers and other participants in the cocaine trade away from regions that now cultivate coca. Such strategies would

emphasize creating successful commercial agriculture or agri-business enterprises in areas with established agricultural potential. Substitution, in other words, must be implemented on a broad geographical scale. Such a concept—since it is linked to the extensive movement of populations—would probably require the revitalization of entire national economies. This in turn would imply massive inflows of aid and investment from the industrialized countries—something on the order of an international "Alliance for Progress" against cocaine.

Another possible option is direct U.S. military intervention. The classic example of the approach was Operation Blast Furnace, the U.S. army-supported operation against cocaine laboratories in Bolivia in the summer of 1986. Blast Furnace was apparently a technical success since it virtually shut down the Bolivian cocaine trade for three months, but such operations can undermine the political legitimacy of host governments. All segments of Bolivia's political establishment condemned the government for inviting in American forces, and a leader with less stature than Victor Paz Estenssoro probably could not have survived the political fallout. South American countries today do not want foreign military forces stationed in their territories. Sending in military units or even large numbers of armed DEA agents risk landing the U.S. in a Vietnam-type morass: an unpopular confrontation with a powerful and elusive enemy on the enemy's own turf.

A third prescription is to increase significantly the drug fighting capabilities of Andean governments; providing them with more firepower, transport communications and logistical support. However, the ability of drug traffickers to penetrate law enforcement institutions in Andean countries would diminish the utility of such build-up. Also there are political and institutional constraints. Here, it may be noted that there is a history of tension between the military and the national police in some Latin American countries. Giving the police a lot more weapons and helicopters almost certainly would offend the military. There have been cases in Bolivia where the military has actually confiscated shipments of weapons destined for the police. On the other hand, strengthening the armed forces could upset the delicate balance between civilian and military power and there is no guarantee that the military would use its new-found capabilities against drug traffickers anyhow.

Fourth, there is the option of using economic sanctions, embodied in the congressionally-mandated process of certifying drug source countries as eligible for foreign aid. The threat or use of sanctions may stimulate a cosmetic response on the part of Andean governments e.g., a few more drug busts, or a few more hectares of coca eradicated. However, sanctions will not change the fundamental balance of power between governments and narcotics industries. The Bolivian government, for instance, could literally provoke a civil war if it started tearing out or spraying coca plantations without the consent of the growers' federations. Similarly, the Colombia government can issue warrants for the arrest of Jorge Ochoa or Pablo Escobar, but the chain of command seems incapable of implementing the order. A sanctions policy presupposes a capacity for compliance—for changing the situation in question—on the part of the target country, but Andean governments may simply be too

weak to respond. What these governments need is inducements, not sanctions.

Still another option—one actively being considered by the U.S. and Colombian governments—would be some form of covert action against leading Colombian drug lords. This might entail commando-type operations to capture and to extradite such members of the cocaine elite as Pablo Escobar, Gonzalo Rodriguez Gacha, and Jorge Ochoa and their close associates. There are a couple of problems with this course, though. The first has to do with the structure of the cocaine industry. This tends to be loose and cellular rather than hierarchical; there are many "command and control" centers. Hence, putting a few kingpins out of business probably would not do much to disrupt the flow of cocaine. Second, there is a good possibility that the mafia would retaliate against the Colombian cabinet and possibly against U.S. leaders as well.

Another more far-out possibility would be to initiate a dialogue with the heads of trafficking organization. It may be recalled that several years ago, some top cocaine dealers presented a proposal to the Colombian government in which they offered to get out of the cocaine business and to repatriate the billions of dollars that they held in foreign banks; in return, they wanted guarantees against extradited to the United States. The idea of negotiating with drug dealers has absolutely no political appeal in the U.S. (though it does have some support in Colombia). Also, it is doubtful that Escobar, Ochoa and other leading mafia figures even have the power to shut down their own organization—their lieutenants, for example, probably would not go along with such a plan. Finally, the Colombian drug lords appear to have won their battle against extradition within Colombia and hence probably do not have much incentive to negotiate with the government.

Does this mean that the U.S. should simply withdraw from the drug fight in South America and forget about the supply side entirely? No, it does not. Yet the emphasis of our programs should be broader and more long term. Instead of seeking immediate results in the form of hectares eradicated, seizures and arrests, we should concentrate more on building up the political, legal and judicial institutions of South American countries. We must try to limit the more obnoxious political manifestations of the drug traffic. This means keeping traffickers out of legislatures and out of cabinet-level positions. It means keeping them from financing separate political parties and from hiving off parts of the national territory. We must take steps to strengthen the legal economies of the South American countries. The experience of the 1980's suggests that the cocaine industry has been a symptom of economic ill-health and possibly even a prop for ailing economies. Ultimately, the drug war the Andean countries can only yield results if it is part of a larger process of conserving stability, progress and institutional development in the region. Still, victory in the war against cocaine cannot be won in the jungles, shantytowns and trafficking capitals of South American countries: only when Americans decide that they will no longer be the drug lords' customers will the cocaine industry collapse.

# THE DRUG THREAT TO CARIBBEAN NATIONS

(By Anthony P. Maingot, Florida International University, The State University of Florida at Miami)

## No Easy Solutions

In May of this year, Senator John Kerry (D-Mass.) led an effort to have the Bahamas decertified as a nation which "cooperated fully" in the war against the drug trade. The measure was defeated in the Senate by a 57 to 40 vote. The majority of the Senators had agreed with President Bush's prior certification of the Bahamas. Also certified were Mexico, Haiti, Honduras and Guatemala—all suspected of being major drug transshipment nations. Clearly, geopolitical reasons (allowed under the Foreign Assistant Act) weighed heavily in the decision to certify. But another consideration also played a part: doubts about the effectiveness of sanctions. To many, the drastic sanctions enacted against Haiti and Panama do not appear to have produced the results desired. In fact, the history of U.S. policy towards both Haiti and Panama provides a good insight into the complex and often intractable nature of the battle against the drug trade. And, yet, there can be no U.S. let up in that battle. While U.S. national leaders have to regard the battle against the drug trade as one of many considerations of the foreign policy agenda, the trade is fast becoming the issue for many a small Caribbean nation.

## The Caribbean

The Caribbean is a very minor player in the production of illicit drugs. Only two countries are involved in any substantial production: Jamaica, which produces less than 1.7% of the world's marijuana, and Belize, perhaps 0.5%. There is no known production elsewhere or of other types of drugs. The importance of the Caribbean lies in two other areas vital to the drug business: (1) geographical location, and (2) human expertise in the culture, language, finances and consumption preferences of the U.S. and Europe. The first fact has converted the area into a major route for the movement of drugs. Despite the rapid increase in drugs coming in through Mexico, 70% of the cocaine and marijuana entering the U.S. still moves through the Caribbean border. The second factor gives some Caribbean peoples a relative advantage in the offshore banking and sophisticated money laundering schemes as well as in organizing criminal gangs of extraordinary efficiency, not to mention brutality. The Jamaican "posses" (known in the United Kingdom as "yardies") are merely the best known of these.

The Caribbean, therefore, is not at all a small player in the total picture of the U.S. drug problem. And, yet, it has taken Caribbean

societies altogether too long to become aware that drugs were not purely an American problem but one which affects them as well.

### A New Caribbean Awareness

Fortunately, this indifference is ceding to a new consciousness about this intractable problem. The concern is not only justified, it is long overdue. Many an example of this escalating awareness exists. One example involves Jamaica's most influential pollster, columnist and public opinion shaper, Carl Stone. In April 1988 Stone wrote that he found it distressing that in a year when Jamaicans would be electing a new government; "we are spending as much time agonizing over petty U.S. gossip about supposed mafia-type links between local politics and drug dons". (*The Jamaican Weekly Gleaner,* April 18, 1988, p. 12). He called for a discussion of the "real issues".

Exactly one year later, and after the Jamaican electorate did indeed democratically elect a new government—without any serious discussion of the Jamaican drug problem—Stone changed his tune. His new words reflect the seriousness of the Jamaican situation. The drug dealers, he says, are "crippling" Jamaica: "the very future and livelihood of this country and its people are at risk." He asked that everything which had to be done to stop this trade be done "in a hurry", including any constitutional changes. (*The Jamaican Weekly Gleaner,* April 17, 1989.)

Attitudes have also been changing at the governmental level. In July, 1988, faced with considerable pressure from the U.S. on the drug issue, the Edward Seaga government sounded very defensive. Minister of Labor, J.A.G. Smith, told the press that "Small developing Third World countries can ill-afford to divert more of their hard-earned or hard-bargained for currency to eradication of the drug trade". Not even the United States could successfully combat it. As tends to occasionally occur in the Caribbean, he then interjected the subject of race. The Minister made a comparison between U.S. treatment of "white" countries which grew drugs, vs. Turkey, and its stern policy towards Jamaica. (*The Jamaican Weekly Gleaner,* July 18, 1988, p. 2).

While the Minister was engaging in that most pernicious of all comparisons—Jamaica the "producer" as a virtual victim of the insatiable U.S. "demand"—the situation in Jamaica, as Carl Stone pointed out, was getting desperate. A few examples will illustrate just how desperate. By 1987 the major shipping lines serving the Island's new transshipment port were warning that drug smuggling was harming their business. In early 1988 the largest shipping line, Evergreen, decided to stop shipping goods out of Jamaica. They had already paid a total of U.S. $137 million in fines to U.S. Customs. In early 1989, the second major shipper, Sea-Land Services, also put Jamaican exports on embargo. They had paid U.S. $85 million in fines.

In 1988 the Free Zone manufacturers were said to be in a "tailspin" because of the use of the port by the drug lords. (*The Jamaican Weekly Gleaner,* July 18, 1988, p. 3). The situation was deteriorating so fast that in January 1989 the government ordered a 100 percent "strip search" of every container leaving the island. The

virtual "no win" situation of these open economies caught in the grips of the drug trade soon revealed itself. Those who had been screaming for assistance, the 280-member Jamaican Exporters Association, were now up in arms. Not only were there massive delays in shipping, they protested the $2,950 additional costs to themselves for the inspection of every container shipped. The policy was soon changed to "selective checking" which necessarily also means "selective smuggling".

### Manley Challenged by the Drug Barons

Given the seriousness of the Jamaican situation, it is not surprising, that the newly elected Prime Minister Michael Manley, should decide to put the war against drugs directly under his office. This fact not only sends the signal that there is indeed a new Manley but that the Jamaican agenda has changed. For the eight years of his previous administration, 1972–1980, Manley had placed the construction of socialism as his top priority. Today it is the war on drugs. "We are threatened," he told an audience in Toronto in April, "by an international criminal network in drug trafficking that has no precedent in history." He has called for a collective Caribbean effort against the trade. Manley's call was not to go unchallenged. Only days after his Toronto declaration of war on drugs, U.S. Customs discovered 3,595 lbs. of ganja on an Air Jamaica flight to Miami. This was seen not merely as an embarrassment for Manley, but as a direct challenge to his government's authority and capacity. Manley's response was swift and drastic: a purge of Air Jamaica and customs personnel and the "militarization" of the airports and ports. Again, the "catch-22" type situation of economies such as Jamaica's soon revealed itself. Leaders of the tourist industry protested that the atmosphere for tourism was being ruined. Indeed, a Jamaican journalist calculated that on any single day every Air Jamaica passenger is confronted by a minimum of 25 soldiers and have their documents checked up to four times before boarding. The new Minister of Tourism agreed to remove the presence of heavy weapons and to train a special security force more acceptable to travellers. He refused to make further concessions for as he said, "We have a real problem, which will smash up the tourist industry. We cannot pussyfoot over it."

It is becoming evident to jamaicans that the drug threat is not purely economic. The discovery on January 6, 1989 of a container with U.S. $8 million worth of arms illustrates part of the wider problem. Of West German manufacture, they were shipped from Portugal with destination, an unspecified guerilla group in Colombia. It took a joint effort of Jamaican, United Kingdom, United States and Colombian authorities to break the Jamaican section of what was called "an international network of drug traffickers and terrorists". (*The Jamaican Weekly Gleaner,* January 16, 1989, p. 25).

The social and cultural damage can be seen on any tourist beach or town in Jamaica: the legions of hustlers, selling every conceivable type of drug and harassing tourists. The Jamaican Tourist Board calculates that there are some ten approaches every half hour in some areas. The damage is to the tourist trade, but also to

the society whose citizens turn to selling drugs. In Jamaica and the Caribbean, traditional forms of improbity are being replaced by a harsher and deadlier form of corruption, a process sometimes referred to it as the "corruption of corruption". A ratchetting effect on aspirations operates: the individual who makes $400 a day selling drugs will hardly settle for the job presently paying less than $10 a day.

But Jamaica is not the only or even the worst case. The direct threat posed to the state and society by drug barons is evident elsewhere in the region.

### Other Caribbean Trouble Spots

In November, 1987, following the massacre of innocent citizens attempting to vote, the U.S. imposed severe sanctions against the Haitian regime. The U.S. sought not only convincing evidence that the Haitians were moving towards democracy but also acting to curb the drug trade. DEA reports indicate that since 1983 Haiti was second only to the Bahamas as a Caribbean transshipment point.

It is not clear just what part those sanctions have played in the coming and going of Haitian "presidents" since 1987. To be sure, there appears no end to the murderous round of intra-military and intra-elite conflicts over control of the drug and contraband trade. This trade appears to be increasing, as is the presence of Haitian criminal gangs in U.S. cities. The Commissioner for the Southeast Region of the U.S. Customs Service, George Heavey, testified before the U.S. Senate's Caucus on International Narcotics Control that 45% of the Haitian vessels and 60% of the vessel agents operating on the Miami River are documented for alleged involvement in alien and narcotics smuggling activities. Recent reports that the present Haitian leader, General Prosper Avril, is indeed acting sincerely and decisively against those most involved, are encouraging. One can be forgiven, however, for approaching those reports with some skepticism. The sums involved are so large that it is not at all surprising that corruption is so rampant in Haiti and elsewhere in the area. One example will illustrate. Operation "Pisces", was a "sting" operation against only one of the calculated thirty groups involved in money laundering. In one day they impounded $5.6 million in cash from 56 bank accounts and $21 in assets. But, as the DEA spokesman told the U.S. Senate, this was only "a snapshot of any weekly activity of one money laundering operation in the U.S. pertaining to only one drug, cocaine."

Fortunately, many Caribbean governments are becoming aware that the corrosion is not epiphenomenal, that they are dealing with a deep-rooted crisis which holds potentially very serious consequences to their political cultures. Examples abound: Today in the Dominican Republic the trial for corruption of ex-President Jorge Blanco has taken a new twist. The new issue is whether the ex-President himself protected drug runners. This question is hardly different from what Bahamians have been asking for years about their Prime Minister, Lynden Pindling. In this latter case a certain degree of cynicism or, at a minimum, jadedness is now pervasive in the political culture. Levels of public tolerance of corruption are in-

creasing and we do not know what the thresholds, the outer boundaries, of this tolerance are. In many ways, Suriname fits this bill. The civilian population, desperate to get the military off its back, appears reconciled to the criminal ways of their men in uniform; Airs of Panama. As Suriname fast becomes one of the biggest transshipment centers for the expanding European appetite for cocaine, it is not at all certain that the newly elected civilian government will be able to control their narco-military.

## The U.S. Role

Despite the real efforts by governments such as that of Jamaica, thus, it is not at all sure that the Caribbean states are winning their declared war on drugs. With United States military assistance to the forces combatting the traffic remaining at distressingly low levels, it is an unequal battle. This is especially true in those situations where it is difficult to ascertain who the good guys are, a situation which would certainly facilitate the functions of U.S. foreign policy. In those situations what exists are gray, uncertain, unpredictable and probably by now uncontrollable states of affairs. Such cases leaves the U.S. with "least of all evils" type of choices which are hardly palatable, but perhaps all that can reasonably be hoped for over the short to medium terms.

The case of the Bahamas illustrates. As has been noted, several members of Congress have long wanted to "decertify" the Bahamas as a country which has "cooperated fully" in the war against drugs as mandated by the Foreign Assistance Act of 1981. Such decertification would remove all benefits accrued under the Caribbean Basin Initiative (CBI), and other preferential trade agreements. The Bush administration, like the Reagan one before it, justifies its certification on the grounds that it is in the "vital national interests" of the U.S. not to implement sanctions even as it admitted again this year that "too much cocaine still passes through the Bahamas." Beyond the question of official corruption, there are other problems which the Bahamas faces as it attempts to deal with the illicit trade. With 700 islands stretching over 250,000 square miles of Caribbean and Atlantic sea, the 225,000 people of the Bahamas hardly have the capacity to control traffic, much less the sophisticated drug running traffic. The extensive corruption and lax judicial system Congress complains about cannot be corrected by fiat nor by outside pressures. The closest analogue is the Panamanian case where the most draconian pressures failed miserably to remove the narco-military, General Manuel Noriega. As in the case of Panama, it will take the Bahamian people's sense of moral indignation and outrage to rid themselves of the existing corrupt government; they will still have the problem of geography and state capacity to deal with.

## Conclusion

It is evident that many of the small nations of the Caribbean are seriously challenged by the drug trade. And, it is equally clear that they cannot deal with this enormous threat without outside assistance. That outside assistance, however, will not be the decisive factor. The complexities of Great Power foreign policy formulation,

of which postures vis-a-vis the drug menace are only parts, is only partially the explanation. The other part is the absence of leverage. Not even the sternest measures have managed to turn certain corrupt regimes around; there is no guarantee sanctions such as those mandated by decertification can work.

Having said this, however, the U.S. cannot allow itself to be immobilized by the complexity and intractability of the problem. New approaches will have to be considered. On this score, the following might merit consideration.

U.S. policy can exert pressure to have Caribbean governments and non-governmental institutions study and take action in five critical areas if any advances are to be made in the war against this destructive trade.

(1) Stress the traditional decency and religiosity of Caribbean society and culture. Positively reinforce the strong currents of moral indignation which lie latent in all these islands. The drug trade, as distinct from aspects of historical and traditional cultivation of marijuana, is new in the area and requires the corruption of significant sectors of a society. There is a need to understand how both types of corruption operate, the traditional and the new drug corruption, in three specific areas: (a) elite behavior, (b) levels of public tolerance of corrupt practices by that elite, (c) the actual mechanics and *modus operandi* of corrupt practices, old and new.

(2) A collective discussion of the limits of traditional conceptions of sovereignty in periods and areas where the very survival of the state, the economy and society are at stake. Michael Manley's recent call for the pre-clearances in Jamaica by U.S. Customs reflects a realistic assessment of the limits of state and private resources in Jamaica. Such actions should be collectively encouraged so as to minimize the damage to the nationalist legitimacy of Caribbean leaders.

(3) There is need to remind the remaining colonial powers, specifically Britain and the Netherlands, of their responsibility to police the colonies and "autonomous" states in the area. Specific mention can be made of the "offshore" banking operations in the Cayman Islands and Curacao.

(4) There is a need to start thinking, as Sen. Claiborne Pell (D-RI) has been doing, about a possible role for Cuba in the war on drugs. One major consideration motivates such action: Cuba's strategic geographical position, straddling the most important trafficking routes in the Caribbean. Before any such discussions can materialize, however, it is fundamental that Cuba take action against one of its official "guests", Robert Vesco. Vesco is reputed to be one of the brains behind the whole drug trade in the Caribbean. His continued presence in Cuba is an affront to world opinion.

(5) Finally, there has to be a clear understanding that the United States cannot go it alone. The most urgent task is to generate a Hemispheric consciousness of the problem so as to engender collective Hemispheric action. There is evidence that this is finally occurring. One example will suffice. A comparison of the agenda's of meetings of the Inter-American system for the past ten years reveals some continuities and some fundamental changes. Issues such as foreign debt, even as they are given new relevance, are not new. What is new is the emphasis on the drug trade. It is no longer

simply *un probleme americain.* It is, in the recent words of Secretary of State, James A. Baker III, "the common challenges we must confront together." The Final Report of the Hemispheric Agenda Conference at the Carter Presidential Center, held March 29–30, 1989 reflected Secretary Baker's sentiments when it recommended that in the war against drugs, "The overall improvement in hemispheric relations may increase the chances for successful cooperative actions at the present time".

The 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs is additional testimony that the world is awakening to the international significance and threat of the drug trade. Small nations such as those in the Caribbean will especially need such international awareness and cooperation if they are to survive this most dangerous of all challenges to their very existence as civilized societies.

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